

**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 19, 2006

In accordance with the Open Meetings Act, 1976 PA 267, as amended, the Board of Real Estate Appraisers met in Regular Session on September 19, 2006, 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 Licensing Administrator, Joseph Campbell, at 9:06 a.m.

ROLL CALL

Present:	Andrew Chamberlain	- Professional Member
	Darius Dynkowski	- Public Member
	Donn Fresard	- Public Member
	Beth Graham	- Professional Member
	Craig Hufnagel	- Professional Member
	David Molenaar	- Professional Member
	Robert Schellenberg, Jr.	- Public Member
	Reagan Schwarzlose	- Professional Member
	John Snyder	- Professional Member
Staff:	Joseph Campbell	- Licensing Administrator
	Jean Boven	- Licensing Division Director
	Felicia Badger	- Assistant Licensing Administrator
	Sharon Murphy	- Recording Secretary
	Dianne Bailey	- Testing & Education Services
	Bill Wilhelm	- Compliance/Legal/FOIA Unit
	Stephen Gobbo	- Compliance/Legal/FOIA Manager
	Archie Millben	- Enforcement Division Director
	Tom Byrne	- Testing & Education Services Manager
	Amy Shell	- Policy Specialist
	Kristie Pfeifer	- Enforcement Division Analyst
	Barrington Carr	- Enforcement Division Manager
Visitors:	Andrea Bates	- MAR
	Vicki Ledbetter	- Appraisal Subcommittee

ELECTION

David Molenaar was nominated and elected as the board chairperson by unanimous vote. Beth Graham was nominated and elected as the board vice-chairperson by unanimous vote.

INTRODUCTIONS

Reagan Schwarzlose of Novi, succeeding John Miller, representing certified general appraisers employed by a nationally chartered bank, and John Snyder of Flushing, succeeding Terrell Oetzel, representing certified general appraisers, were both appointed to the board with terms commencing July 27, 2006, and expiring June 30, 2010.

AMENDMENTS TO AGENDA

The following items were added to the agenda:

- 8.c. Education Issues – Dianne Bailey
- 9.b. Approval of Resolutions for Past Board Members' Services
- 9.c. Appraisal Subcommittee Update – Vicki Ledbetter

APPROVAL OF PREVIOUS MINUTES HELD JUNE 20, 2006

MOTION: Ms. Graham moved to approve the minutes of June 20, 2006. Mr. Hufnagel seconded the motion, which carried unanimously.

PETITIONS

Anthony Legins, Limited Real Estate Appraiser License Denial, GMC

On June 7, 2005, Mr. Legins applied for a limited real estate appraiser license. The department denied the application on December 22, 2005, for lack of good moral character. A petition for review was received on January 23, 2006, and the board heard and reviewed the petition on March 28, 2006. It was the board's decision to table the petition until their June 20, 2006, board meeting, requiring Mr. Legins to submit to the department a letter from a state licensed appraiser who indicates he/she is aware of the conviction history and is willing to supervise Mr. Legins as a limited appraiser, ensuring that his work complies with the statute, rules and Uniform Standards of Professional Appraisal Practice. The prospective employer was also required to describe his/her qualifications and/or experience regarding real estate appraising and appraisal supervision. The board also required Mr. Legins to reappear before the board on June 20, 2006 in order for the board and department to make a determination regarding his petition for review of his licensure denial. On May 30, 2006, Mr. Legins requested in writing that the review of his petition be delayed for an additional three months as his current career as a licensed real estate agent was keeping him extremely busy, that he was unable to attend the June/2006 meeting, but he was still determined to become a licensed real estate appraiser and would provide the required documentation for the next scheduled board meeting. Mr. Legins' petition was prepared for review at the September 19, 2006 meeting. On September 7, 2006, Mr. Legins submitted a written request to withdraw his limited real estate appraiser license application without taking action of denial. The documentation required by the board on March 28, 2006 had not been received. Mr. Legins was not present at the meeting today. The board reviewed the petition.

MOTION: Mr. Hufnagel moved to uphold the denial issued by the department based upon Mr. Legins' inability to demonstrate rehabilitation and the propensity to serve the

public in a fair, honest and open manner. Mr. Chamberlain seconded the motion, which carried unanimously. The department concurred.

STIPULATIONS

Christopher Hawley, 12-01-006564, C#298408

The board reviewed the Stipulation in the matter of Christopher Hawley who admitted to failure to correctly employ recognized methods and techniques necessary to produce a credible appraisal in that improper figures were used in the cost approach, superior comparables were used, and failure to properly identify distances of comparables to the subject property; committing substantial errors of omission or commission that significantly affected the appraisal; rendering appraisal services in a careless or negligent manner in that he committed a series of errors that affected the credibility of the appraisal; failure to analyze comparable sales data to indicate a value conclusion in the appraisal; failure to exercise reasonable diligence in developing or communicating the appraisal; violating provisions for which penalties are not otherwise prescribed.

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 5 hours Uniform Standards of Professional Appraisal Practice course; 7 hours Scope of Work course, and 15 hours Narrative Writing within six months of 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 required courses. 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. It is further stipulated by and between parties that failure to comply with all terms and conditions set forth in the stipulation within six months of the date of mailing of the final order shall result in revocation of licensure.

MOTION: Mr. Dinkowski moved to accept the Stipulation with the proviso that respondent agrees that a typographical error occurred regarding the number of Uniform Standards of Professional Appraisal Practice course hours, in that the amount of USPAP hours required should read 15, not 5. Mr. Schellenberg seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

Theresa Mays, 12-01-007058, C#298892

The board reviewed the Stipulation in the matter of Theresa Mays who admitted to failure to analyze comparable sales data as available to indicate a value conclusion in the appraisal; and failure to analyze all sales of the property that occurred within three years prior to the effective date of the 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, and successfully complete a 7 hour Sales Comparison Method course in addition to the continuing education requirement for licensure renewal within one year from the date of mailing of the final order, and shall provide to the department within one year from the date of mailing of the final order a certificate documenting such attendance and successful

completion of the above required course 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. Mr. Schellenberg seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

Scott Michael, 12-01-071477, C#300462

The board reviewed the Stipulation in the matter of Scott Michael who admitted to performing appraisal services for which he was not licensed; using the license of another appraiser in the appraisal report; signing the appraisal report for a federally related transaction when he was not qualified by his license level to do so; failure to place his license number and license level on the appraisal reports; committing fraud, deceit or dishonesty in the practice of an occupation; failure to exercise reasonable diligence in developing or communicating the appraisal; and violating a rule of conduct in practicing an occupation.

In accordance with the Stipulation, the respondent consents to immediate revocation of his limited real estate appraiser license upon the date of mailing of the final order.

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

Margaret Murphy, 12-01-001562, C#297713

The board reviewed the Stipulation in the matter of Margaret Murphy who admitted to failure to clearly and accurately set forth the appraisal report in a manner that was not misleading in that the respondent failed to verify the property age and listing history, and failed to include accurate sales prices for two comparables.

In accordance with the Stipulation, the respondent consents to pay a fine of \$250.00 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: Ms. Graham moved to accept the Stipulation. Mr. Dynkowski seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

Richard Petrak, 12-01-000918, C#95323

The board reviewed the Stipulation in the matter of Richard Petrak who admitted to failure to exercise reasonable diligence in developing or communicating 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 course that reviews the proper selection and use of residential appraisal forms, a 15 hour USPAP course, and a 15 hour Narrative Residential Appraisal Development course that provides a thorough treatment of

comparable sales and market data analysis, for a total of 37 hours of continuing education within a six month period from the date of mailing of the final order, with such continuing education applicable towards relicensure. Respondent provided proof of successful completion of required course work to the department which was attached to the stipulation. 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. Chamberlain seconded the motion, which carried unanimously. The board asked if a complaint was issued against Mr. Petrak's supervisor, Hugh Gedrich, who also signed the reports. The department will refer the issue to the Enforcement Division for further review.

Daniel Van Wagner, 12-01-004835, C#94677

The board reviewed the Stipulation in the matter of Daniel Van Wagner who admitted to signing the appraisal report for a federally related transaction when he was not qualified to do so.

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

Jad Judeh, 12-01-006115, C#298152

The board reviewed the Stipulation in the matter of Jad Judeh who admitted to committing substantial errors of omission or commission that significantly affected the appraisal in that he failed to accurately describe the subject property and neighborhood and he failed to use proper comparables; and failure to clearly and accurately set forth the appraisal report in a manner that was not misleading.

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 at least 14 hours continuing education for real estate appraising within six months from the date of mailing of the final order, with such continuing education applicable towards relicensure. 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. Fresard seconded the motion, which carried by a majority vote, with Mr. Molenaar abstaining.

HEARING REPORTS

MOTION: Mr. Chamberlain moved to receive the following Hearing Reports. Mr. Hufnagel seconded the motion, which carried unanimously.

The following actions were taken on the Hearing Reports presented to the Board:

Peter Arndt, 12-01-001213, C#297406, Docket No. 2006-548

The board reviewed the Hearing Report in the matter of Peter Arndt for failure to perform an appraisal in compliance with Uniform Standards of Professional Appraisal Practice; violating standards for the development and communication of real property appraisal; failure or refusal to exercise reasonable diligence in developing or communicating an appraisal; violating a rule of conduct; and violating any other provision of the act or rule for which a penalty is not prescribed.

MOTION: Mr. Schwarzlose moved to accept the administrative law judge's recommendation to assess a fine of \$10,000.00 to the department, which shall be due within sixty (60) days from the date of mailing of the final order, and continued revocation of the real estate appraiser license. Mr. Snyder seconded the motion, which carried unanimously.

Jason Dowell, 12-01-005929, C#96576, Docket No. 2006-322

The board reviewed the Hearing Report in the matter of Jason Dowell for failure to perform an appraisal in compliance with Uniform Standards of Professional Appraisal Practice; violating standards for the development and communication of real property appraisal; failure or refusal to exercise reasonable diligence in developing or communicating an appraisal; violating a rule of conduct; and failure to acknowledge the participation of an individual in preparing an appraisal report.

MOTION: Mr. Chamberlain moved to accept the administrative law judge's recommendation to assess a fine of \$10,000.00 to the department, which shall be due within sixty (60) days from the date of mailing of the final order. Mr. Dynkowski seconded the motion, which carried unanimously.

Gary Hann, 12-01-002307, C#715, Docket No. 2005-829

The board reviewed the Hearing Report in the matter of Gary Hann, for lack of good moral character.

MOTION: Mr. Schwarzlose moved to accept the administrative law judge's recommendation to assess a fine of \$5,000.00 to the department, which shall be due within sixty (60) days from the date of mailing of the final order, and revocation of the real estate appraiser license. Mr. Hufnagel seconded the motion, which carried unanimously.

Gregg Hoggard, 12-01-003394, C#91730, Docket No. 2006-442

The board reviewed the Hearing Report in the matter of Gregg Hoggard for failure to perform an appraisal in compliance with Uniform Standards of Professional Appraisal Practice; violating standards for the development and communication of real property

appraisal; failure or refusal to exercise reasonable diligence in developing or communicating an appraisal; and failure to make available to the department upon request books and records required to be kept.

MOTION: Mr. Fresard moved to accept the administrative law judge's recommendation to assess a fine of \$10,000.00 to the department, which shall be due within sixty (60) days from the date of mailing of the final order, with continued revocation of the real estate appraiser license. Mr. Chamberlain seconded the motion, which carried unanimously.

EDUCATION COMMITTEE REPORT

The board received four Education Committee Reports as follows: June 22, 2006, July 12, 2006, September 6, 2006, and September 8, 2006.

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

Instructor Qualifications – Ms. Bailey presented and discussed with the board today Rule 309 (3) regarding requirements of appraisal course instructors as previously requested by board members. Ms. Bailey asked if the board had any suggested changes, since concern was raised at the last meeting that stricter qualifications for an instructor may be needed, for example requiring real estate appraiser licensure to instruct. Ms. Graham stated that she is satisfied with the rules as written, as she felt it would eliminate many qualified instructors and limit the training process too much if all instructors were required to be licensed appraisers. Mr. Hufnagel asked if the sponsor could determine if an instructor was qualified, and have the education committee and department give final approval. Ms. Bailey stated that the committee and department presently review and approve the courses and instructors. It was the consensus of the board that the rule is sufficient as written.

Education Issues – Ms. Bailey discussed with the board the current practice of presenting new course offerings to the Education Committee for their review and approval, stating that the process took a considerable amount of time and delayed the approval of courses. Ms. Bailey stated Testing Services staff could more efficiently review and approve courses as they are received. Ms. Bailey asked the board if they would be in favor of department staff approving education courses, except when there was a question that required the committee's review.

MOTION: Mr. Schwarzlose moved to amend the education course approval process and allow qualified department staff to review and approve education courses without prior committee review and approval. Ms. Graham seconded the motion, which carried unanimously.

ITEMS FOR CONSIDERATION FROM BOARD MEMBERS/STAFF

2007 Board Meeting Schedule – The Board of Real Estate Appraisers is scheduled to meet next year on March 27, 2007, June 19, 2007, September 18, 2007, and December 4, 2007, at 9:00 a.m.

Commendations - Resolutions were read, approved and signed for former board members John Miller and Terrell Oetzel for their years of service to the board, and will be mailed to each member.

Appraisal Subcommittee Update – Vicki Ledbetter addressed the board regarding the ASC's role as a federal agency overseeing appraisal regulatory agencies nationwide under Title 11. Ms. Ledbetter's visit was a follow-up from the review conducted last August/2005, and the initial field review conducted in June/2004. The normal field review will be conducted again in 6-9 months. Ms. Ledbetter voiced her concern that Michigan is still not in compliance with ASC Policy Statement 10, which requires disposition of administrative complaints within one year of their filing. During her review, Ms. Ledbetter stated she has identified numerous cases being stalled in the board member review phase, and asked the board to explore their role in the review process and what course of action can be taken to speed up the process. Her other concern was the sudden increase in complaints being received in Michigan, which could further compound the backlog if a workable solution is not reached soon. The board discussed how they review cases and were concerned that there is no formal training given on reviewing cases for the department. The board asked for more guidance from the department regarding what the review should contain. Currently, only the professional board members are called upon to review cases, and Mr. Dynkowski suggested that the public members could assist in the review process. It was also stated that the board currently has only four professional members to review cases referred by the department. Mr. Hufnagel stated that he had suggested an outside professional organization be used to help with the reviews. Ms. Ledbetter stated that several states utilize volunteer professionals to review cases due to increases in workload. Ms. Ledbetter stated that enforcement is a very key aspect of the licensure process – if licensees aren't held accountable, there is no need for a license. She also stated that if Michigan cannot comply with the Title 11 requirements, the state could receive non-recognition status whereby licenses to appraise would no longer be valid, which would greatly affect the lending industry and the community. She stated the board and department are taking compliance with Title 11 seriously and are making changes in the right direction; however, in light of the increase in complaint files, some plan of action is necessary to handle the workload and keep disposition of complaints within the one-year requirement. Ms. Ledbetter stated she is pleased that the statute to adopt the AQB 2008 Criteria passed the House and Senate last week and is awaiting the Governor's signature.

Mr. Millben and Mr. Carr of the Enforcement Division were asked by Mr. Hufnagel if outside professional organizations can be used to review cases. Mr. Millben stated the department will explore whether outside professional agencies can be utilized for case reviews. Mr. Millben stated the department is currently exploring the possibility of contracting a professional person to review cases on a full time basis, and that the outcome looks positive. Mr. Gobbo provided a flow chart of the complaint process, and he explained the mediation, compliance, and hearing processes. Ms. Ledbetter stated that, in

her review, Michigan is doing a good job mediating cases, and sending them for reviews, conferences, and hearings. Mr. Millben, Mr. Carr and Mr. Gobbo all stated that they could meet with the board and interested parties to discuss resource allocation in assisting with training in consistent case reviews.

Mr. Molenaar advised board members to return case reviews to the department within 30 days of receipt.

Effective January 1, 2008, the Appraisal Qualifications Board requires a limited appraiser to train under a certified residential or certified general appraiser. Mr. Campbell informed the board that it has been determined that work experience by limited appraisers training under a state licensed supervising appraiser prior to January 1, 2008, will be accepted and apply toward upgrade experience requirements. However, effective January 1, 2008, experience required to upgrade licensure must be under the supervision of a certified residential or certified general appraiser.

PUBLIC COMMENT – None

NEXT MEETING DATE

The next regularly scheduled meeting of the Board of Real Estate Appraisers will be held on December 5, 2006.

ADJOURNMENT

There being no further business to be brought before the Board at this time, the meeting was adjourned at 11:50 a.m.

David Molenaar /s/
Board Chairperson

12/5/2006
Date

Sharon Murphy /s/
Recording Secretary

12/5/2006
Date