

MINUTES
ALABAMA REAL ESTATE APPRAISERS BOARD
RSA UNION STREET
SUITE 370
MONTGOMERY, ALABAMA
May 19, 2011

MEMBERS PRESENT:

Mr. Chris Pettey (Chairman)
Mr. Joseph Lundy (Vice-Chairman)
Mr. Fred Crochen
Mr. Kenneth D. Wallis, III
Mr. Joseph Lambert
Mrs. Dot Wood
Mr. Mark Moody arriving at 8:25
Mr. Chester Mallory
Mrs. Cornelia Tisher

MEMBERS ABSENT:

None

OTHERS PRESENT:

Mrs. Lisa Brooks, Executive Director
Ms. Neva Conway, Legal Counsel
Mrs. Carolyn Greene, Executive Secretary
Mr. Sam Davis, Investigator
Mr. Joe Dixon, Investigator

GUESTS PRESENT:

Orientation attendees list attached.

- 1.0 With quorum present Mr. Chris Pettey, Chairman, called the meeting to order at 8:18 a.m. Mrs. Carolyn Greene, Executive Secretary, recorded the minutes. The meeting was held at the RSA Union Building, 100 N. Union Street, 1st Floor Purchasing Auditorium, Montgomery, Alabama. Prior notice of the meeting was posted on the Secretary of State's website on January 24, 2011 in accordance with the Alabama Open Meetings Act.
- 1.1 The meeting was opened with prayer by Mr. Crochen and followed by the Pledge of Allegiance led by Mr. Pettey.
- 2.0 Mr. Pettey welcomed the guests present and asked Board Members to introduce themselves. Members present were Mr. Chris Pettey, Mr. Joseph Lundy, Mr. Fred Crochen, Mrs. Dot Wood, Mr. Mark Moody, Mr. Chester Mallory, Mr. Kenneth Wallis III, Mrs. Cornelia Tisher and Mr. Joseph Lambert.
- 3.0 On motion by Mr. Lambert and second by Mrs. Wood, the regular minutes

for March 17, 2011 were approved as written. Motion carried by unanimous vote.

- 3.1 Mr. Pettey called for election of officers and opened nominations for the Chairman position. Mrs. Wood nominated Mr. Lundy for the position of Chairman. Mr. Wallis seconded the nomination. On motion by Mrs. Wood and second by Mr. Wallis the nominations were closed. The Board voted to elect Mr. Lundy as Chairman of the Board. Motion carried by unanimous vote.

Mr. Lundy opened nominations for the Vice-Chairman position. Mrs. Tisher nominated Mr. Wallis for the position of Vice-Chairman. Mr. Crochen seconded the nomination. On motion by Mrs. Tisher and second by Mr. Crochen, the nominations were closed. The Board voted to elect Mr. Wallis as Vice-Chairman of the Board. The motion carried by unanimous vote.

Mrs. Brooks discussed Committee Assignments with the Board. Chairman Lundy made new Committee assignments at this time.

- 3.2 Ms. Conway included the following for Board member information:

- Ms. Conway and Mr. Thomas Radney, attorney for Josh Smith, (AB-08-100, CV 2011-900009) have filed a joint motion for a status hearing.
- Findings of Fact and Conclusions of Law of the Administrative Law Judge on Complaint No. AB-07-98 (Otis Stewart).

On motion by Mr. Wallis and second by Mr. Lambert, the Board voted to accept the Findings of Fact and Conclusions of Law as written. Motion carried by unanimous vote.

- 4.0 Mr. Wallis discussed the AMC Bill and informed the Board that the final draft of the Bill is acceptable by all parties. Mr. Wallis also informed the Board that there are 7 Legislative days left to get the Bill passed.

Ms. Conway thanked Mr. Wallis and the Legislative Committee for all the work they have done on the Bill.

Mrs. Brooks included a rough draft of the proposed AMC changes to Administrative Rules 780-X-1-.01, 780-X-1-.02, 780-X-1-.04, 780-X-1-.03, 780-X-2-.01, and 780-X-17 for adoption by the Board. On motion by Mr. Mallory and second by Mr. Wallis, the Board voted to change 780-X-17-.05 (Expired Registration) to read 'the late filing fee of \$1000 for each month or part thereof that the registration is lapsed, not to exceed \$5000', and to adopt the proposed rules as written. Motion carried by unanimous vote. The Board instructed Ms. Conway to submit the proposed rules to Legislative Reference Service when SB320 becomes law.

The Board discussed the creation of an AMC Registration Form and asked Mrs. Brooks, the staff and the Legislative Committee to prepare the forms for adoption.

- 5.0 On motion by Mr. Mallory and second by Mr. Lambert the following applications were voted on as listed. Motion carried by unanimous vote.
- 5.1 **Trainee Real Property Appraiser applications approved:** Evan Burdette and Cynthia Kelley. **Applications deferred:** None. **Applications denied:** None.
- 5.2 **State Registered Real Property Appraiser application approved:** Kristie Rowan. **Applications deferred:** None. **Applications denied:** None.
- 5.3 **Licensed Real Property Appraiser application approved:** Michael L. Satcher (Recip.)(GA). **Application deferred:** Darby Hale. **Applications denied:** None.
- 5.4 **Certified Residential Real Property Appraiser applications approved:** Lynette Arnold, Adria Bradford, Shaunn Starling Howell, Patrick Kennamer, Summer Maples, Barton Prince and Ross Rutledge. **Applications deferred:** David Bryant, Jason R. King, Natalie Lambert, Nick Musso, Michael Shelley and Joseph Lee Thomas. **Applications denied:** None.
- 5.5 **Certified General Real Property Appraiser applications approved:** Daniel Boring (Recip.)(GA), Donna J. Cavallaro (Recip.)(ME), Colin G. Griffin (Recip.)(VA), Phillip Scott Hasha, Martin G. Hill (Recip.)(TX), Douglas F. Main (Recip.)(GA), Harvey Nobles, Greg Shelley (Recip.)(GA), and Stewart S. Stafford (Recip.)(MS). **Application deferred:** Daniel Joseph Patrick. **Applications denied:** None.
- 5.6 **Mentor applications approved:** Patrick E. McPhillips, Franklin L. Reed, Emil G. Sullivan and James P. Sumners. **Applications deferred:** None. **Applications denied:** None.
- 6.0 Mr. Mallory discussed the financial report with the Board. Mr. Mallory stated that the Board was 58% into FY 11 and 49% into budget expenditures. Mr. Mallory noted that the \$12,000 in the Travel Fund will be carried over. Mr. Mallory reported that the 606 Fund is down and that the Fund is losing approximately \$30,000 per month and that there were no negative trends that could not be reconciled at this time. On motion by Mr. Wallis and second by Mr. Crochen, the Board voted to approve the Financial Report. Motion carried by unanimous vote.
- Mrs. Brooks estimated that the 606 Fund balance will be around \$600,000 to \$650,000 by the end of Fiscal Year 2011.
- Mr. Lundy asked Mrs. Brooks and the Finance Committee to work together to develop a 5-year budget plan to present to the Board by the September Board meeting.
- Mr. Wallis took the opportunity to explain to the guests present that although self-funded, the Board was still subject to the budget cuts mandated by Governors Riley (15%) and Bentley.

Mrs. Brooks informed the Board and guests that the Financial Report will be added to the Board's website.

- 6.1 On motion by Mr. Crochen and second by Mrs. Tisher, the following education courses and instructor recommendations were approved, deferred, or denied as indicated. Motion carried by unanimous vote.

ALLIED BUSINESS SCHOOLS, INC.

- (CE) Creating Credible Appraisals - 7 Hours - Online
(Instructor: Roy Bottger)
Both Course and Instructor Approved
- (CE) Complex Residential Appraisal - 14 Hours - Online
(Instructor: Roy Bottger)
Both Course and Instructor Approved
- (CE) Financing for Appraisers - 14 Hours - Online
(Instructor: Roy Bottger)
Both Course and Instructor Approved
- (CE) Case Studies in Complex Appraisal - 7 Hours - Online
(Instructor: Roy Bottger)
Both Course and Instructor Approved

AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS

- (CE) Cost Approach Applications - 8 Hours - Classroom
(Instructor: Mark Lewis)
Both Course and Instructor Approved

APPRAISAL INSTITUTE – ALABAMA CHAPTER

- (CE) The Uniform Appraisal Dataset from Fannie Mae & Freddie Mac - 7 Hours – Classroom
(Instructor: Danny Wiley)
Both Course and Instructor Approved

APPRAISAL INSTITUTE – NATIONAL CHAPTER

- (CE) The Uniform Appraisal Dataset from Fannie Mae & Freddie Mac - 7 Hours – Classroom
(Instructor: Dawn Gennrich)
Both Course and Instructor Approved
- (CE) Appraising the Appraisal: Appraisal Review General - 7 Hours – Classroom
(Instructor: Stephanie Coleman)
Both Course and Instructor Approved
- (CE) Residential Applications: Using Technology to Measure & Support

Assignment Results – 7 Hours – Classroom
(Instructor: James Atwood)
Both Course and Instructor Approved

EQUITY VALUATION PARTNERS

(CE) Practical Applications in Appraisal Valuation Modeling - 16 Hours
– Classroom
(Instructor: Andrew Watson)
Both Course and Instructor Approved

GEORGIA MLS TRAINING INSTITUTE

(CE) 2010-2011 7-hr USPAP Equivalent – 7 Hours – Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) Income Approach - 7 Hours – Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) Appraisal of 2-4 Family & Multi-Family Properties - 7 Hours –
Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) FHA & VA Appraisal Basics - 7 Hours – Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) Sales Comparison Approach - 7 Hours – Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) Foreclosures – 3.5 Hours – Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) Cost Approach - 7 Hours – Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) Making FHA Loans – 3.5 Hours – Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) Supervising Appraisal Trainees: Field Preparation – 3.5 Hours –
Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

(CE) Introduction to Commercial Appraisals – 3.5 Hours – Online

(Instructor: Wade Gaddy)
Both Course and Instructor Approved

- (CE) Mortgage Fraud: A Dangerous Business - 7 Hours – Online
(Instructor: Wade Gaddy)
Both Course and Instructor Approved

IRWA ALABAMA CHAPTER 24

- (CE) Annual IRWA International Conference (June 2011) – 24 Hours – Classroom
(Instructor: Judy Jones)
Both Course and Instructor Approved

MCKISSOCK

- (CE) 2010-2011 National USPAP Update Equivalent – 7 Hours – Classroom
(Instructor: Steve Vehmeier)
Instructor Approved
- (CE) Introduction to Residential Green Building for Appraisers – 4 Hours – Classroom
(Instructors: Steve Vehmeier, Ken Guilfoyle and Larry McMillen)
Both Course and Instructors Approved
- (CE) Relocation Appraising: New ERC Summary Appraisal Report – 7 Hours – Classroom
(Instructors: Steve Vehmeier, Ken Guilfoyle and Larry McMillen)
Both Course and Instructors Approved
- (CE) Introduction to the Uniform Appraisal Dataset – 2 Hours – Online
(Instructor: Dan Bradley)
Both Course and Instructor Approved
- (CE) Understanding the Uniform Appraisal Dataset – 3 Hours – Classroom
(Instructors: Steve Vehmeier, Ken Guilfoyle and Larry McMillen)
Both Course and Instructors Approved
- (CE) Deriving and Supporting Adjustments – 7 Hours – Classroom
(Instructors: Steve Vehmeier, Ken Guilfoyle and Larry McMillen)
Both Course and Instructors Approved
- (CE) Appraising and Analyzing Industrial and Flex Buildings for Mortgage Underwriting – 7 Hours – Online
(Instructor: Bruce Coin)
Both Course and Instructor Approved
- (CE) Appraising in a Post-HVCC World – 4 Hours – Classroom
(Instructors: Steve Vehmeier, Ken Guilfoyle and Larry McMillen)
Both Course and Instructors Approved

NATIONAL ASSOCIATION OF INDEPENDENT FEE APPRAISERS

(CE) 5.0 USPAP – 7 Hours – Classroom
(Instructor: Mike Orman)
Both Course and Instructor Approved

VAN EDUCATION CENTER

(LIC) 15 Hour USPAP 2010-2011 – 15 Hours - Online
(Instructor: Burton Lee)
Both Course and Instructor Approved

REQUESTS FOR CONTINUING EDUCATION CREDIT

Kirk Epstein – Alabama Appraisal Manual 2005 – AL Department of Revenue – 7 Hours
Credit Approved

The motion carried by unanimous vote.

Mrs. Brooks presented a letter from Mr. Jex Luce, Mentor, requesting the Board to grant him an exemption from the requirement to attend the Trainee/Mentor Orientation. On motion by Mrs. Wood and second by Mr. Wallis, the Board voted to deny the request. Motion carried by unanimous vote.

The following appraisal course monitor reports were included for Board information:

- Mr. Dixon - FHA - Current Appraisal Requirement, taught by the National Association of Independent Fee Appraisers (NAIFA)
- Mr. Dixon - Appraisal Review – General, taught by the Appraisal Institute, Alabama Chapter
- Ms. Conway - Attacking and Defending An Appraisal in Litigation, taught by the Appraisal Institute, Alabama Chapter

6.2 There was no disciplinary report to review at this time.

Ms. Conway discussed with the Board the investigative status charts. Ms. Conway informed the Board 14 new complaints were received since the March 2011 Board meeting, 4 complaints were dismissed, and no complaints were settled, leaving a total of 99 open complaints.

6.2.1 The Board reviewed Probable Cause Report **AB-09-63**: With Mr. Wallis and Mr. Lundy recusing, on motion by Mrs. Wood and second by Mr. Crochen, the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-09-64**: With Mr. Wallis and Mr. Lundy recusing, on motion by Mrs. Wood and second by Mr. Crochen, the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for

hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-09-65**: With Mr. Wallis and Mr. Lundy recusing, on motion by Mrs. Wood and second by Mr. Crochen, the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-09-66**: With Mr. Wallis and Mr. Lundy recusing, on motion by Mrs. Wood and second by Mr. Crochen, the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-10-27**: With Mrs. Wood and Mr. Wallis recusing, on motion by Mr. Crochen and second by Mrs. Tisher, the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-10-42**: With Mr. Wallis recusing, on motion by Mr. Crochen and second by Mr. Lambert, the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Reports **AB-10-48**: With Mr. Lambert and Mr. Wallis recusing, on motion by Mr. Crochen and second by Mrs. Wood the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-10-49**: With Mr. Lambert and Mr. Wallis recusing, on motion by Mr. Crochen and second by Mrs. Wood the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-10-50**: With Mr. Lambert and Mr. Wallis recusing, on motion by Mr. Crochen and second by Mrs. Tisher the Board voted to accept the Disciplinary Committee's recommendation that probable cause does exist and to set this case for hearing. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-11-04**: With Mrs. Wood recusing, on motion by Mr. Wallis and second by Mr. Crochen the Board voted to accept the Disciplinary Committee's recommendation that probable cause does not exist and to dismiss this case. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-11-05**: With Mr. Lambert recusing, on motion by Mr. Wallis and second by Mr. Crochen the Board voted to accept the Disciplinary Committee's recommendation

that probable cause does not exist and to dismiss this case. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-11-06**: With Mr. Lambert recusing, on motion by Mr. Wallis and second by Mr. Crochen the Board voted to accept the Disciplinary Committee's recommendation that probable cause does not exist and to dismiss this case. Motion carried by unanimous vote.

The Board reviewed Probable Cause Report **AB-11-08**: With Mr. Lambert recusing, on motion by Mr. Wallis and second by Mr. Crochen the Board voted to accept the Disciplinary Committee's recommendation that probable cause does not exist and to dismiss this case. Motion carried by unanimous vote.

The Board reviewed Request for Board Initiated Complaint **AB-11-12**: On motion by Mrs. Tisher and second by Mr. Moody the Board voted to open an investigation. Motion carried by unanimous vote.

The Board reviewed Request for Board Initiated Complaint **AB-11-13**: On motion by Mrs. Tisher and second by Mr. Moody the Board voted to open an investigation. Motion carried by unanimous vote.

The Board reviewed Request for Board Initiated Complaint **AB-11-14**: On motion by Mrs. Tisher and second by Mr. Moody the Board voted to open an investigation. Motion carried by unanimous vote.

The Board reviewed Request for Board Initiated Complaint **AB-11-15**: On motion by Mrs. Tisher and second by Mr. Moody the Board voted to open an investigation. Motion carried by unanimous vote.

The Board reviewed Request for Board Initiated Complaint **AB-11-22**: On motion by Mrs. Tisher and second by Mr. Moody the Board voted to open an investigation. Motion carried by unanimous vote.

The Board reviewed Request for Board Initiated Complaint **AB-11-23**: On motion by Mrs. Tisher and second by Mr. Moody the Board voted to open an investigation. Motion carried by unanimous vote.

6.2.2 The Board reviewed Consent Settlement Order on **AB-10-20**. With Mr. Lambert and Mr. Lundy recusing, on motion by Mr. Mallory and second by Mrs. Wood, the Board voted to approve this Consent Settlement Order. Motion carried by unanimous vote.

The Board reviewed Consent Settlement Order on **AB-10-21, AB-10-22, AB-10-23, AB-10-24 and AB-10-25**. With Mrs. Wood and Mr. Lundy recusing, on motion by Mr. Wallis and second by Mr. Moody, the Board voted to approve this Consent Settlement Order and approved the licensee's request for six (6) months to pay the fine. Motion carried by unanimous vote.

The Board reviewed Consent Settlement Order on **AB-10-37 (Kellie Jones Ross)**. With Mrs. Wood recusing, on motion by Mr. Pettey and

second by Mr. Wallis, the Board voted to approve this Consent Settlement Order. Motion carried by unanimous vote.

The Board reviewed Consent Settlement Order on **AB-10-38**. With Mrs. Wood recusing, on motion by Mr. Pettey and second by Mr. Wallis, the Board voted to approve this Consent Settlement Order. Motion carried by unanimous vote.

The Board reviewed Consent Settlement Order on **AB-10-41** (Burke Sylvest). With Mr. Lambert recusing, on motion by Mr. Mallory and second by Mr. Moody, the Board voted to approve this Consent Settlement Order. Motion carried by unanimous vote.

The Board reviewed a Voluntary Surrender of License R00816, J. Scott Gellerstedt, on **AB-09-36 and AB-10-0006**. With Mr. Lundy and Mrs. Wood recusing, on motion by Mr. Wallis and second by Mr. Mallory, the Board voted to approve this Voluntary Surrender. Motion carried by unanimous vote.

The Board reviewed a Voluntary Surrender of License G00342, Pat L. McDerment, on **AB-10-30, AB-10-32, and AB10-34**. With Mr. Wallis, Mrs. Tisher and Mrs. Wood recusing, on motion by Mr. Pettey and second by Mr. Moody, the Board voted to approve this Voluntary Surrender. Motion carried by unanimous vote.

The Board reviewed a Voluntary Surrender of License G00696, Michael Roy Rogers, on **AB-10-122**. With Mr. Lundy recusing, on motion by Mrs. Wood and second by Mr. Lambert, the Board voted to approve this Voluntary Surrender. Motion carried by unanimous vote.

The Board discussed using MLS photos in appraisals. Mr. Pettey stated that MLS photos should not be used in appraisals when the client requires that a photo of the property be taken.

6.3 The following reciprocal licenses were issued since last meeting: Daniel Boring (G)(GA), Donna J. Cavallaro (G)(ME), Colin G. Griffin (G)(VA), Martin G. Hill (G)(TX), Douglas F. Main (G)(GA), Michael L. Satcher (L)(GA), Greg Shelley (R)(GA), and Stewart S. Stafford (G)(MS).

7.0 The Temporary Permit report was provided to the Board for their information.

8.0 Mr. Howard Haynie and Mr. Ed Nelson addressed the Board regarding their request to reconsider the Board's denial of their inspection requirement waiver request. Mr. Haynie amended his request and asked the Board to waive the requirement that he accompany Mr. Nelson on any woodland / rural properties / timberland or recreational land inspections. On motion by Mr. Wallis and second by Mr. Crochen the Board voted to approve this waiver request. Motion carried by unanimous vote.

Mrs. Brooks discussed information from the Appraisal Qualifications Board regarding credit given for demonstration appraisals. After much discussion, on motion by Mr. Crochen and second by Mr. Mallory, the

Board voted to adopt the Appraisal Qualifications Board's Criteria allowing up to 50 % of the required appraiser experience to be obtained without a traditional client (demonstration appraisals). Motion carried by unanimous vote.

Mr. Dixon discussed a memo from The Appraisal Foundation regarding the Uniform Appraisal Dataset (UAD).

- 9.0 The Board discussed the current policy of only accepting complaints received by mail. Ms. Conway explained to the Board that the Dodd-Frank Act requires lenders and others to file complaints. Those entities will likely do so electronically, via email. Refusing to accept those complaints will likely lead to repercussions and our policy should be changed to allow complaints via email. On motion by Mr. Wallis and second by Mrs. Wood, the Board voted to accept complaints sent directly to the Director electronically effective immediately. Mrs. Brooks will research the addition of a process to file complaints online.

The Board discussed the changes to the Mentor Rules voted on in March, and set a January 1, 2012 implementation date.

- 10.0 There was no new business to discuss at this time.

At this time, the Board held a Question and Answer session.

- 11.0 At 11:00 a.m., on motion by Mr. Wallis and second by Mr. Moody, the Board voted to adjourn. Motion carried by unanimous vote. The Trainee/Mentor Orientation will begin at 12:00 p.m. The Board's meeting schedule for the remainder of 2011 is July 21, 2011, and September 15, 2011 in the Capitol Auditorium, North Union Street entrance, Montgomery, Alabama, and November 17, 2011 in the 3rd Floor Conference Room of the RSA Union Building, 100 North Union Street, Montgomery, Alabama.

Sincerely,

Carolyn Greene
Executive Secretary

APPROVED: _____
Joseph T. Lundy, Chairman