



Executive Summary
State Board of Certified Real Estate Appraisers
2601 North Third Street, Harrisburg
June 11, 2009

Present at the regular meeting of the Board were: Chairman Robert McRae, Daniel Bradley, Paul Kauffman, Valentino Pasquarella, Martha Brown (Secretary of the Commonwealth's Designee), John Abel (Attorney General's Designee) and Paul Wentzel (Department of Banking Designee). Also present were Board Counsel Christopher McNally and Board Administrator Heidi Weirich.

The following key discussions/actions were taken:

1. The May minutes were adopted as revised by Board counsel.
2. Report of Prosecution
 - Peter Kovach, Esq. distributed continuing education violations adopted by the Board three cycles ago to see if the penalties still apply. The Board conveyed that these violations are covered in the newly revised Act 48 Schedule of Civil Penalties. Kovach noted that broad categories, with monetary penalties assigned, would be helpful to the prosecutorial division because of the new \$10,000 civil penalty option. The types of appraisals reviewed by the prosecution generally fall within the following categories:
 - The appraiser completed a sloppy report.
 - Either the appraiser completed a sloppy report, or the appraiser was trying to hit a certain number.
 - The appraiser was definitely trying to hit a certain number.
 - The supervisor was not watching what was happening, was just signing off on the appraisals, and the trainee was either sloppy or trying to hit a certain number.Chairman McRae noted that if a trainee is new to the business, then both the trainee and the supervisor should be held accountable for any violation. There is no formula, no certain number of hours of experience, when a trainee should know how to complete an appraisal. The barometer for determining the penalty could be whether or not the infraction impacted the conclusion of the appraisal and/or whether or not the intended user was harmed. Board members noted the importance of tailoring education penalties to fit the violation. With courses being offered online, respondents can easily take a course that covers the topic for which they need assistance. The Board will deliberate on this matter and will create categories for the prosecutorial division.
 - Mark E. Vincent (File No. 07-70-07145). A consent agreement was previously presented to the Board in regards to this case. It was rejected due to concerns with prior disciplinary action taken against the respondent in 2002 for an appraisal completed in 1996. In this revised consent agreement, the Commonwealth has increased the civil penalties by \$500, bringing the total for civil penalties to \$3,000. The other items in the consent agreement, \$500 investigative costs, 30-hours residential comparison course, and one year stayed suspension, remain the same. The Commonwealth notes that the respondent has been extremely cooperative. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.

- Phillip Dellamadelia (File No. 08-70-04435). The respondent is a certified residential appraiser. In May 2006, he completed an appraisal in Erie, PA that was found to be noncompliant with USPAP. The use of inappropriate comparables and poor record keeping resulted in an inflated price. The Commonwealth recommends \$2,000 civil penalties and \$750 investigative costs. There are no education recommendations due to the fact that the respondent is working towards his SRA certification and has recently completed the education courses that the Commonwealth would have otherwise recommended. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.

3. Report of Board Counsel

- On June 1, Counsel shadowed Board member Paul Kauffman for a day to learn about the appraisal process.
- Counsel reminded Board members to review the names on the docket status and recuse themselves promptly if there is any conflict of interest.
- Theresa Payne (File No. 07-70-07176). Counsel submitted an adjudication order as drafted in accordance with the Board's previous discussion. The draft adjudication order was approved.
- Michael A. Hodges (File No. 2007-70-07238). Following deliberation in executive session, the Board instructed counsel to draft an adjudication order in accordance with the discussion.
- Counsel noted that legislation is being drafted to grant the Board the authority to monitor appraisal management companies (AMCs). At this point, Counsel does not see any reason for the Board to pursue methods of managing AMCs as discussed at May's meeting. Counsel called on Sylvia Lacerda, who noted that the Pennsylvania Association of REALTORS® is creating a task force to work with Representative Stevenson and members of the Appraisal Institute to draft such legislation. Paul Kauffman noted that the meetings he was looking to hold across the Commonwealth was in hopes of getting constituents and legislators talking about the problem, and this seems to be happening already. The Board agreed to monitor the situation and take action in the future if needed.

4. Chairman's Report

- Chairman McRae noted that he has received several calls from distraught appraisers asking the Board to take steps to manage appraisal management companies.

5. Administrator's Report

- Heidi noted the available dates for a meeting in Erie and unfortunately they do not suit the Board's schedule.
- Heidi asked if there are any changes to the reciprocal agreement. Vice-chairman Bradley asked Heidi to reach out to states geographically close to Pennsylvania that do not have a reciprocal agreement with Pennsylvania.
- Out of 4,868 licensees only 2,364 have renewed.
- A new public member from Philadelphia will be joining the Board, Michael Soileau.

6. Matters for Discussion

- There is an AQB change. Courses must now come from an accredited institution that grants degrees. Prior to this change, courses needed to be come from an accredited institution, but the institutions did not need to grant degrees.

7. Regulations

- Valentino Pasquarella stated that the AQB has implemented a binding requirement that only 50% of continuing education requirements can be acquired through teaching credits. Wennberg noted that the regulation package currently being reviewed by the Governor's office reflects this change.
- The Board approved the final draft of Act 48 Schedule of Civil Penalties.
- Wennberg reminded the Board that by implementing civil penalties for continuing education the Board implies a duty to make-up any deficiency. The Board's regulations require changes. The following discussions took place regarding this issue:
 - The Board deliberated whether or not it could be determined that an applicant knowingly lied on an application thus committing a continuing education violation. If an application is audited and found to not meet the continuing education requirements, are the requirements not met because the applicant made a mistake or because the applicant purposely lied on the application? If it was determined that the applicant purposely lied on the application, this would have more serious ramifications. It was decided that this issue will need to be examined on a case by case basis.
 - Wennberg noted that education make-up hours need to be completed within a determined time-frame. The Board decided on a 90 day timeframe. Following the 90 days, disciplinary action will ensue by means of an adjudication order and/or consent agreement.

The Board approved the draft Regulation as amended.

8. Next Meeting – July 9, 2009

The foregoing represents the author's best interpretation of the significant actions and discussions of the Board. Aside from the meeting agenda, the author receives no supporting documentation or materials in advance or during the meeting, nor is the author present during any executive sessions of the Board. Therefore, this summary may not accurately reflect official actions or positions taken. Official minutes of the proceedings may be secured by contacting the Bureau of Professional & Occupational Affairs.

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For further information, contact Sylvia Lacerda, Government Affairs Specialist