



**Executive Summary**  
**State Board of Certified Real Estate Appraisers**  
**2601 North Third Street, Harrisburg**  
**November 6, 2008**

Present at the regular meeting of the Board were: Chairman Robert McRae, Vice Chairman Daniel Bradley, Paul Kauffman, Valentino Pasquarella, Robert Fischer, Robert Kelly, 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 Carole Clarke and Board Administrator Heidy Weirich.

The following key discussions/actions were taken:

1. The September minutes were approved as submitted.
2. Annual Board Budget Presentation
  - Cindy Gnech, Director of Bureau of Finance and Operations, reported that the Board's revenue for the past year was \$636,655. This was mainly due to applications and renewals. Estimated expenses were \$833,981. The budgeted amount for the year was \$732,000.
  - The main increases in expenses were legal costs and expert witnesses.
  - Each year the remaining balance of the Board is decreasing. The new license classification will create more revenue, so the Board is not recommended to increase their fees at this time.
  - The 2009 budget is \$755,000.
  - Basil Merenda, Commissioner, congratulated the Board on a good federal audit. He also thanked the Board for their assistance in lobbying for the passing of SB147 and HB1188.
3. Annual Bureau of Enforcement and Investigation (BEI) Report
  - Claude Shields, Director of BEI, reported that nine investigations and two other activities are open at this time. In the past year, 60 cases have been opened and 53 closed.
4. Annual Legal Report
  - Peter Marks, Executive Deputy Chief Counsel, reported that the legal department has been working extremely hard on the Board's cases. They managed to reduce the backlog drastically.
  - Bernadette Paul, Deputy Chief Counsel, reported that 177 cases are currently open. 180 cases were open this past year and 230 cases were closed.
5. Report of Prosecution
  - Jeanne M. Parrott (File No. 07-70-04530). The respondent practices mainly in Delaware and holds a reciprocal agreement with Pennsylvania. Her trainee completed the appraisal

- in question. Fannie Mae found the value listed \$80,000 higher than it should have been. The comparables were a problem and the trainee was not properly supervised. The Commonwealth recommends a 15-hour USPAP course and a public reprimand. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.
- Thomas J. Dumphy (File No. 07-70-08639). The respondent practiced outside his residential appraiser certification by completing an appraisal of an office front building with apartments above the office. The respondent thought this job was a residential appraisal because of information learned at a class he completed. The investigators contacted the other students in the class and found many to have misconceptions regarding this issue. All of the students, and the instructor, have been corrected. The Commonwealth recommends \$500 civil penalties and a seven hour course covering the appropriate scopes of work. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.
  - Norman Allen Raider (File No. 07-70-11993). The respondent was paid in advance for an appraisal that he did not complete. The client, who filed the complaint, provided proof that the respondent did not complete the work and thus violated USPAP by not exercising due diligence. Repayment was made at the commencement of the investigation and the client is satisfied. When questioned, the respondent noted that he suffered a stroke at the time of the incident. The Commonwealth recommends a formal reprimand. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.
  - Katie Lightborn (File No. 07-70-11030). The respondent is certified in Illinois and does not hold a reciprocal agreement with Pennsylvania. She testified on the value of a property in Pennsylvania. The Commonwealth recommends \$500 in civil penalties and that a warning letter be sent to the employer cautioning them not to send any more employees that do not have reciprocal certifications to testify in PA. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.
  - Douglas S. Sellers (File No. 70-07-03965). The respondent completed an appraisal that was found to be noncompliant with USPAP due to its lack of good comparables. The comparables inflated the estimate value of the subject property. The Commonwealth recommends \$1,000 in civil penalties, \$800 to cover investigation costs and a 15-hour USPAP course. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.
  - Nicholas D. Franchesco (File No. 07-70-11772). The respondent holds reciprocal certifications in New Jersey and Pennsylvania. In March 2007, New Jersey found the respondent in violation of New Jersey law for including misleading photographs and bad comparables in his report. New Jersey requested \$1,500 in civil penalties and a 15-hour USPAP course. These requirements have been met. The Commonwealth recommends \$1,000 in civil penalties. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.
  - (File No. 05-70-08146). Two appraisal reports, completed by the respondent's trainee and containing the respondent's electronic signature, were found to be non-compliant with USPAP. The respondent claims no knowledge of the reports. The investigator is verifying whether or not the respondent was in the hospital at the time of the report's completion. The investigator was unable to locate the former trainee who completed the

report. The respondent has been disciplined by the Board before. The Commonwealth recommends \$2,000 in civil penalties and a seven hour office management course or a 15-hour USPAP course. In addition, the respondent must submit a written explanation outlining how electronic signatures will be used in his office. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was rejected.

- Robert Percalo (File No. 08-70-01419). The respondent completed a report that was found to be non-compliant with USPAP. Several adjustments were made to the property resulting in an inflated estimated value. The Commonwealth recommends \$1,500 in civil penalties, \$600 to cover investigation costs and a 15-hour USPAP course. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.

#### 6. Chairman's Report

- Chairman McRae read a letter received from Senator Pileggi notifying the Board that HB1188 passed the House and was amended into SB147. It was approved in the Senate and returned to the House Appropriations Committee. The Senator states that he believes the bill will be considered when the session reconvenes. He recommends that members of the Board contact their local legislators. Chairman McRae agrees with the Senator and asked that each Board member comply.

#### 7. Administrator's Report

- Nominations and elections for the 2009 Board officers will take place at the December meeting.

#### 8. Matters for Discussion

- The Board reviewed and approved a reciprocal agreement submitted by the Connecticut Board.
- The Board reviewed a request made by Chad McCown. Mr. McCown would like the Board to waive his re-application fee due to there being two different final dates to sit for the exam listed on the yellow card and the letter. The letter and card were sent in August 2007. The latest date listed was July 21, 2008. The Board denied his request because it is believed that he had adequate time to contact the Board to clarify the expiration date.
- The Board reviewed a request made by Janice Tisony. Ms. Tisony took the CPE exam more than a year ago and believes that the score on her exam may be unfair due to the problems with the exam questions found by the Board. The Board denied this request because members of the Board reviewed the exam results and those whose scores were close to passing were adjusted.

#### 9. Regulations

- Steve Wennberg discussed the option of the Board regulating appraisal management companies. ARRO wrote a report highlighting a legislative model that state boards can emulate. The Board discussed the chances of there being enough consumer complaints to pass legislation and agreed that if they chose to pursue this option they would not use the ARRO model. The Board will not pursue the option at this time, but may in the future.

- Wennberg reviewed the Act 48 schedule with the Board. The statement of policy was published on October 22, 2004. The Board needs regulation to follow-up this statement.
- Wennberg updated the group that Representative Stevenson's HB949 was passed and is now Act 103 of 2008. HB949 was a vehicle for securing technical changes to Act 59 of 2008. The changes that were made to the Act via HB949 were:
  - Editorial changes to the word license and licensee
  - Gave the Board permission to limit the number of times a trainee can renew their trainee license.
- The Board discussed what limits they want placed on trainee license renewal. The Board discussed the following:
  - The declining economy is forcing trainees to take other jobs while accumulating hours.
  - With no limits, the trainee classification becomes the entry-level certificate of the profession.
  - 15-20% of applicants have experience logs that span over eight years.
- The Board decided that trainees can reapply up to four times and can come before the Board to request additional renewals if needed. This will be mirrored with the assessors.

#### 10. Next Meeting – December 11, 2008

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