



Executive Summary
State Board of Certified Real Estate Appraisers
2601 North Third Street, Harrisburg
October 8, 2009

Present at the regular meeting of the Board were: Chairman Robert McRae, Daniel Bradley, Paul Kauffman, Joseph Jacobs, Richard Lam, Valentino Pasquarella, Michael Soileau, Martha Brown (Secretary of the Commonwealth's Designee), John Tokafczyk (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 September minutes were approved.
2. Report of Prosecution
 - Jerry Vernon (File No. 08-70-08212). The respondent holds a residential appraiser certificate. In November 2007, the respondent prepared a report that was found to be non-compliant with USPAP when reviewed by an expert. The work file lacked data, the report did not show the neighborhood price range, the comparables were from a nicer neighborhood than the subject property, and the respondent failed to make downward adjustments. The Commonwealth recommends a \$1,000 civil penalty, \$750 investigative costs and successful completion of a fifteen-hour USPAP course or a seven-hour office management course. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was rejected.
 - Gino Possateri (File No. 08-70-08850). The respondent holds a residential appraiser certificate. In April 2008, the respondent prepared a report that was found to be non-compliant with USPAP when reviewed by an expert. The report contained neither a cost approach nor an income approach, the comparables were inappropriate and the expert detected signs that the respondent was trying to reach a particular estimated value. The Commonwealth recommends a \$1,500 civil penalty, \$500 investigative costs and successful completion of a fifteen-hour USPAP course, a seven-hour sales comparison course and a seven-hour ethics course. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved with suggested amendments.
 - John Michael Moran (File No. 08-70-00113). The respondent holds a general appraiser certificate. The Commonwealth received a complaint regarding the respondent's assistant. During the investigation, the Commonwealth requested information from the respondent which the respondent refused to submit. The Commonwealth served two subpoenas in an attempt to get the information, but the respondent did not comply. The respondent has offered to surrender his certificate with no means to renew in the future. The Commonwealth recommends accepting his offer. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.
 - Warren Blair (File No. 09-70-06234). The respondent holds a reciprocal residential appraiser certificate in Maryland and Pennsylvania. The respondent was reprimanded by

the Maryland Board and failed to notify the Pennsylvania Board within 90 days. The Commonwealth recommends reprimanding the respondent. The consent agreement presented by the prosecution was deliberated by the Board in executive session and was approved.

- Peter Kovach and Ray Michalowski followed-up on the prosecutorial division's three recommendations resulting from the ARRO conference.
 - The first recommendation is to remove the Standard Three of USPAP requirement. Peter Kovach distributed survey results showcasing which states require Standard Three of USPAP and which do not. The survey shows that many states do not believe this requirement to be necessary for a successful Board review.
 - The second recommendation is to pair experts with investigators. The prosecutorial division drafted the following process:
 - The report and related work file are mailed to the expert,
 - An investigator is assigned the case;
 - The expert develops an initial review;
 - The expert works with the investigator to develop questions (if needed) for the investigator to use when interviewing the respondent; and
 - The expert adds the result of these interviews to the report.
- Peter Kovach spoke with several key experts to see what they thought of implementing this process. The experts believe that this process will ensure that imperative questions are aired prior to a trial.
- The third recommendation is to hold a pre-hearing settlement/compliance conference between the prosecutorial division and the defense prior to a hearing. Ray Michalowski noted that admissions during this hearing would be confidential. The Board raised concerns with the expert becoming biased in his/her opinion as a result of this interaction with the respondent. Ray Michalowski ensured the Board that the experts will only interact with the respondent in cases where facts need to be verified. Furthermore, the expert's report will be completed by the time the meeting occurs.

The prosecutorial division believes that these changes will make certain that a respondent's deficiencies are pin-pointed and the correct sanctions and education requirements are recommended to the Board. As a result, the respondent will be improved and future problems will be avoided. The Board raised concerns with the new process delaying the closing of cases. The Board has worked hard to clear the docket and review cases in a timely fashion and would not want to implement a change that will promote setbacks. It was agreed that while some cases may take longer on average, the number of cases that will be resolved without a trial, or closed following initial investigation, will keep the balance. The Board granted permission for the implementation of these changes.

- Peter Kovach requested the Board's guidance on basic civil penalties. A task force of Vice-Chairman Bradley, Paul Kauffman and Joseph Jacobs was established to create guidelines for civil penalties to be applied to violations.

3. Report of Board Counsel

- Rhoda Crawford (File No. 07-70-11748). The Board conducted deliberations during executive session and granted the Commonwealth motion for judgment and requested issuance of an adjudication order based upon these deliberations.

- John C. Sanders had a consent agreement with the Board that obligated him to pay a civil penalty and complete remedial education by September 30, 2009. The respondent took the course, but has been unable to schedule the proctored exam due to medical issues. The respondent is requesting that the Board grant him “inactive status” until he is able to complete the education requirements. The Board granted his request.

4. Chairman’s Report

- Chairman McRae introduced new Board member Michael Soileau.
- Chairman McRae and Val Pasquarella met with Commissioner Merenda to discuss the growing assessment problems in Philadelphia. The city is a first-class county making it impervious to the assessor’s laws governing other municipalities. While Philadelphia has voluntary CE certification, many assessors do not pursue certification of any kind. During the meeting, the three participants discussed options for the Board getting involved in a solution. The Commission, Chairman McRae and Val Pasquarella will begin advocating for Philadelphia to adopt requirements for certification and continuing education that other municipalities have adopted, thus falling under the Board’s jurisdiction.

5. Next Meeting – November 12, 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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