

Charles W. Drago, Secretary

Charlie Crist, Governor

**Minutes of
THE FLORIDA REAL ESTATE APPRAISAL BOARD
August 4 & 5, 2008
General Meeting**

Chair Joni Herndon called the meeting of the Florida Real Estate Board to order, at approximately 9:05 a.m., in Orlando, Florida, on this Monday, the 4th day of August, 2008.

Chair Herndon offered the Invocation and Member Small led the Pledge of Allegiance. The Chair introduced the members present: Vice-Chair Michael Rogers, Cynthia Wright, Jay Small and Susan Dailey. Michael Gross, Assistant Attorney General, appeared as counsel for the Board. Mr. Gross declared a quorum present.

Division staff present at the meeting: Thomas O'Bryant, Jr., Division Director and Executive Director for the Board; Juana Watkins, Deputy Director; James P. Harwood, Chief Attorney; Fred Clanton, Investigations Supervisor; JoEllen Peacock, Education Coordinator; Beverly Ridenauer, Government Analyst II; Janice Taylor, Government Analyst I; Sheila Hall, Government Analyst I; Peggy Hanna, Government Analyst I; Peter Patterson, Government Analyst I; Mica Smith, Regulation Specialist II; Lori Crawford, Regulatory Supervisor/Consultant. American Court Reporting (407.896.1813) provided court reporter services.

Approval of the Minutes

The Board unanimously approved the Minutes of the June 2 & 3, 2009, General Meeting; June 23, 2008 Teleconference Meeting; June 30, 2008 Teleconference Meeting as written.

Summary of Applicants:

DOAH Recommended Order:

Eddy Gorrin – The Board discussed the Recommended Order issued by Administrative Law Judge Stuart M. Lerner with regard to the application of Mr. Gorrin. Upon motion by Member Small and second by Member Rogers, the Board adopted the Recommended Order.

Informal Hearing:

01-08-08 Antonio Rodriguez – Registered Trainee – Withdrew Request for Informal Hearing

New Applicants:

Ms. Ridenauer presented the Summary of Applicants and the Board decisions are as follows:

02-04-08	Omar Francisco Blanco – Registered Trainee - Denied
03-08-08	Michael Brandon Millender – Certified General - Approved
04-08-08	Jody James Boyce – Registered Trainee - Denied
05-08-08	Patrick Lowell Callison – Certified General - Approved
06-08-08	Edgar Ricardo Polo – Registered Trainee - Approved
07-08-08	Christina Rosalia Hinckley – Registered Trainee – Approved
08-08-08	Jerry Lamar Bell – Certified Residential - Denied
09-09-08	Richard A. Viti – General Appraisal Instructor- Approved

Board Business

Rules Workshop

The Board addressed the following rules:

61J1-3.004 – Issuance of Certification

Upon motion by Member Dailey, with second by Member Wright, the Board adopted the language as follows:

- (2) ... as specified in Section 475.617, F.S., and as further defined in ~~Rule 61J1-4.001~~, Rules 61J1-10.002--004, F.A.C.
- ~~(4) Provide the Board with proof of passing a written examination as specified in Section 475.616, F.S., and as further defined by Rule 61J1-5.001, F.A.C., if a written examination is required. Examination results are only valid for a maximum period of 24 months from the exam date.~~
- ~~(4)~~ (5) No change.
- ~~(6)~~ No change.

61J1-4.001 – Education Requirements

Upon motion by Member Dailey, with second by Member Wright, the Board adopted the language as follows:

~~(1)(a) Persons desiring to become registered as a trainee appraiser must satisfactorily complete 100 classroom hours, inclusive of examination, of Board approved academic courses in subjects related to real estate appraisal, which shall include coverage of the Uniform Standards of Professional Appraisal Practice.~~

~~(b) If a registration expires due to failure to renew pursuant to Rule 61J1-4.007, F.A.C., the education completed to become a registered trainee appraiser will be invalid and may not be used to secure another registration.~~

~~(c) If an initial application to become registered is not received within 2 years after the successful completion of the course as provided in paragraph (1)(a), the applicant must take the 15 classroom hour Uniform Standards of Professional Appraisal Practice course.~~

~~(2) Persons desiring to become certified as a residential appraiser must successfully complete 120 classroom hours, inclusive of examination, of Board approved academic courses in subjects related to real estate appraisal, which shall include the 15-hour National USPAP course or its equivalent, taught by an AQB certified USPAP instructor. The 120 classroom hours may include the classroom pre-license education required to become a registered trainee appraiser, the classroom pre-license education required to become a licensed appraiser, a certified residential appraiser, or the applicable classroom hours of post-license education for registered trainee appraisers.~~

~~(3) Persons desiring to become certified as a general appraiser must successfully complete 180 classroom hours, inclusive of examination, of Board approved academic courses in subjects related to real estate appraisal, which shall include the 15-hour National USPAP course or its equivalent, taught by an AQB certified USPAP instructor. The 180 classroom hours may include the classroom pre-licensing education required to become a registered trainee appraiser, the classroom pre-license education required to become a licensed appraiser, or the 120 classroom hours requirement for becoming certified as a residential appraiser, or the applicable post-license education for registered trainee appraisers.~~

~~(4) Credit towards the classroom hour requirement shall only be granted where the length of the educational offering is at least 15 classroom hours, and the person successfully completes an examination pertinent to that educational offering. A classroom hour is defined as 50 minutes out of each 60 minute segment.~~

~~(5) Board approved pre-registration courses for trainee appraisers must include the following subject matter:~~

- ~~(a) Real property concepts and characteristics;~~
 - ~~(b) Legal consideration;~~
 - ~~(c) Influences on real estate values;~~
 - ~~(d) Types of value;~~
 - ~~(e) Economic principles;~~
 - ~~(f) Overview of real estate markets and analysis;~~
 - ~~(g) Ethics and how they apply in appraisal theory and practice;~~
 - ~~(h) Overview of approaches to value;~~
 - ~~(i) Valuation procedures;~~
 - ~~(j) Property description;~~
 - ~~(k) Residential applications;~~
 - ~~(l) Coverage of the Uniform Standards of Professional Appraisal Practice; and~~
 - ~~(m) Coverage of Florida rules and regulations that pertain to the practice of appraisal. Effective January 1, 2008, Board approved pre-registration courses for trainee appraisers must include a minimum of six (6) hours coverage of Florida laws, rules, and regulations that pertain to the practice of appraisal; and~~
 - ~~(n) Effective January 1, 2008, Board approved pre-registration courses for trainee appraisers must include a minimum of three~~
- ~~(3) hours of instruction and cover the following topics regarding the roles and rules of supervisor and trainee appraisers:~~
- ~~1. The definitions of direct supervision, registered trainee appraiser, supervisory appraiser, training and work file pursuant to Section 475.611, F.S.~~
 - ~~2. Review of Chapter 475, Part II, F.S., sections regarding the postlicensure education requirement for a registered trainee appraiser, displaying and disclosure of licensure, certification or registration, employment of and by registered trainee real estate appraiser, supervision and training of registered trainee appraisers, and retention of records.~~
 - ~~3. Review of Chapter 61J1, F.A.C., sections regarding postlicensing education for registered trainee appraisers, supervision of registered trainee appraisers, displaying and disclosure of registration, licensure or certification designation and advertising.~~
- ~~(8) ...The Board will notify the entity within 60 days whether the course and exams meet the criteria set out in subsections (5), (6) and (7) above and subsection (3) (9) below and Rules 61J1-10.001- .004, F.A.C. ..~~
- ~~(3) (9) The Board shall also approve past appraisal courses which cover substantially the same subject matter, classroom hours of attendance, and completion standards as the board approved courses offered by the entities as set out in subsections (4), (5), (6), (7), (2) (8) and (4) (10) and Rules 61J1-10.001- .004, F.A.C. If the requested information is found lacking to show course equivalency the Board may request supportive documentation to determine course equivalency.~~
- ~~(4) (10) No change.~~
- ~~(5) (11) No change.~~
- ~~(6) (12) No change.~~
- ~~(7) (13) Credit towards the classroom hour requirement may also be satisfied by teaching Board approved appraisal courses...~~
- ~~(14) A certified or licensed appraiser from Florida or another jurisdiction who is AQB compliant satisfies the criteria of subsections 61J1-4.001(2) and (3), F.A.C.~~

61J1-4.009 – Post Licensing Education for Registered Trainee Appraisers

Upon motion by Vice Chair Rogers, with second by Member Wright, the Board voted to retain the original language of the rule.

- 4.009 No change.

61J1-4.010 Supervision and Training of Registered Trainee Appraisers

Upon motion by Member Wright, with second by Vice Chair Rogers, the Board voted to approve the following change:

- 4.010(6)(d) – Description of work performed: by the trainee/applicant and scope of the review and supervision of the supervising appraiser;

61J1-5.001 – Appraisal Examination Areas of Competency

Upon motion by Member Dailey, with second by Vice Chair Rogers, the Board voted to approve the following changes:

- 5.001(2)(a) Recommend technical correction to “Appraisal Foundation”
- 5.001(2)(b) Recommend “A passing score on the Florida Supplemental examination...”

61J1-6.001 – Experience Requirement

Upon motion by Vice Chair Rogers, with second by Member Wright, the Board voted to approve the following language:

- (5) ...description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser...of supervising appraiser (~~if applicable~~), and correct technical error for reference to Section 475.611(1)(~~e~~)(q).
- (5)(b) Mass Appraisals Ad valorem tax appraisals
 1. Mass appraisals must be as set forth in Standard Rule 6 of the 2008-2009 Edition of the Uniform Standards of Professional Appraisal Practice as defined in Section 475.611(1)(q), F.S. ~~Experience credit shall be credited when it is demonstrated that the applicant:~~
 - ~~a. Used techniques to value properties similar to those used by appraisers; and~~
 - ~~b. Effectively used the appraisal process.~~
 2. Mass appraisal experience claimed by the applicant should be given credit to the extent that it demonstrates proficiency in appraisal practices, techniques, or skills used by appraisers practicing under USPAP Standard 1 adopted in June 1997. ~~Components of the mass appraisal process on which credit will be given are:~~
 - ~~a. Highest and best use analysis;~~
 - ~~b. Model specification (developing the model); and~~
 - ~~c. Model calibration (developing adjustments to the model).~~

~~All other components of the mass appraisal process are not eligible for experience credit.~~
 3. In developing a mass appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques necessary to produce and communicate credible mass appraisals. ~~Mass appraisals must be as set forth in Standard Rule 6 of the Uniform Standards of Professional Appraisal Practice as defined in Section 475.611(1)(q), F.S.~~
 4. Mass appraisal experience shall include:
 - a. Identifying properties to be appraised;
 - b. Defining market area of consistent behavior that applies to properties;
 - c. Identifying characteristics (supply and demand) that affect the creation of value in that market area;

area;

- d. Determining highest and best use;
 - (1) Demonstrate proficiency with elements and concepts of highest and best use through separate analysis if not contained in the appraisals submitted for audit;
 - e. Developing a model structure to determine the contribution of the individual characteristics affecting value;

- f. Calibrating the model structure to determine the contribution of the individual characteristics affecting value;
 - g. Applying the conclusions reflected in the model to the characteristics of the property or properties being appraised ; and
 - h. Reviewing the mass appraisal results.
- All other components of the mass appraisal process are not eligible for experience credit.
5. 4. Experience will be granted for appraisals of individual parcels of real estate.

61J1-7.003 - Advertising

Upon motion by Member Dailey, with second by Vice Chair Rogers, the Board adopted the following language:

- (1)(h) Internet advertising
- (1)(i) ~~(h)~~ Any other type or form of advertising intended ~~which purpose is to display the services of the appraiser~~

61J1-9.001 – Standards of Appraisal Practice

Upon motion by Member Dailey, with second by Vice Chair Rogers, the Board approved the following language:

- All registered, licensed, or certified appraisers shall comply with the 2008-2009 ~~2006~~ Uniform Standards of Professional Appraisal Practice (USPAP), which is incorporated by reference.

61J1-10.001 General Requirements Definitions.

Upon motion by Member Dailey, with second by Member Wright, the Board adopted the following language:

- (1) Definitions.
 - (a) ~~(4)~~ “Accredited” means accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education.
 - (b) ~~(2)~~ “AQB” means Appraiser Qualifications Board, which is an independent board of the Appraisal Foundation.
 - (c) ~~(3)~~ “Classroom hour” is defined as 50 minutes out of each 60-minute segment.
 - (d) ~~(4)~~ “USPAP” means Uniform Standards of Professional Appraisal Practice, and are the most recent standards approved and adopted by the Appraisal Standards Board of the Appraisal Foundation.
- (2) Classroom Hours.
 - (a) The classroom hours may include the classroom pre-license education required to become a registered trainee appraiser, the classroom pre-license education required to become a licensed appraiser, the classroom pre-license education required to become a certified residential appraiser, or the applicable classroom hours of post-license education for registered trainee appraisers.
 - (b) Credit towards the classroom hour requirement shall only be granted where the length of the educational offering is at least 15 classroom hours, and the person successfully completes an examination pertinent to that educational offering. Any applicant requesting the issuance of his or her certification shall provide the Board with proof of passing a written examination as specified in Section 475.616, F.S., and as further defined by Rule 61J1-5.001, F.A.C., if a written examination is required. Examination results are only valid for a maximum period of 24 months from the exam date.

61J1-10.002 Registered Trainee Real Estate Appraiser.

Upon motion by Member Dailey, with second by Vice Chair Rogers, the Board adopted the following language:

- (1)(a) – (c) No Change
- (d) Appraisal Subject Matter Electives (25) (20) hours which shall include six (6) hours of the Florida laws and rules and three (3) hours of Roles and Responsibilities of Supervisors and Trainees.
- (2) Board approved pre-registration courses for trainee appraisers must include the following subject matter:
 - a) Real property concepts and characteristics;
 - (b) Legal consideration;
 - (c) Influences on real estate values;
 - (d) Types of value;
 - (e) Economic principles;
 - (f) Overview of real estate markets and analysis;
 - (g) Ethics and how they apply in appraisal theory and practice;
 - (h) Overview of approaches to value;
 - (i) Valuation procedures;
 - (j) Property description;
 - (k) Residential applications;
 - (l) Coverage of the Uniform Standards of Professional Appraisal Practice; and
 - (m) Coverage of Florida rules and regulations that pertain to the practice of appraisal. Effective January 1, 2008, Board approved pre-registration courses for trainee appraisers must include a minimum of six (6) hours coverage of Florida laws, rules, and regulations that pertain to the practice of appraisal; and
 - (n) Effective January 1, 2008, Board approved pre-registration courses for trainee appraisers must include a minimum of three (3) hours of instruction and cover the following topics regarding the roles and rules of supervisor and trainee appraisers:
 - 1. The definitions of direct supervision, registered trainee appraiser, supervisory appraiser, training and work file pursuant to Section 475.611(o), F.S.
 - 2. Review of Chapter 475, Part II, F.S., sections regarding the postlicensure education requirement for a registered trainee appraiser, displaying and disclosure of licensure, certification or registration, employment of and by registered trainee real estate appraiser, supervision and training of registered trainee appraisers, and retention of records.
 - 3. Review of Chapter 61J1, F.A.C., sections regarding postlicensing education for registered trainee appraisers, supervision of registered trainee appraisers, displaying and disclosure of registration, licensure or certification designation and advertising.
 - 4. Review of the Uniform Standards of Professional Appraisal Practice as referenced and incorporated by Rule 61J1-9.001, F.A.C., including at least the following topics: USPAP Advisory Opinion 31 5, USPAP Standards Rules 2-3 and 3-3, signature authority and security, competency, and preparation of appraisals.
- (3) (2) An applicant must have passed examinations in the prerequisite courses set forth in subsection 61J1-10.002(1), F.A.C., for the courses to be acceptable.
- (4) (3) An applicant must have completed the 15-hour National USPAP course, or its equivalent, within the 2 years immediately preceding the receipt of the application for registration by the Board or department.
- (5) (4) An applicant who was previously registered as a trainee real estate appraiser and whose registration expired due to failure to renew pursuant to Rule 61J1-4.007, F.A.C., may not use the qualifying education for the void trainee real estate appraiser registration to obtain another trainee real estate appraiser registration.

61J1-10.003 Certified Residential Appraiser.

Upon motion by Member Wright, with second by Member Dailey, the Board voted to approve the following change:

- (c) (10) Appraisal Subject Matter Electives (20 hours) which shall include six (6) hours of the Florida laws and rules and three (3) hours of the Roles and Responsibilities of Supervisors and Trainees.

61J1-10.004 Certified General Appraiser.

Upon motion by Member Dailey, with second by Vice Chair Rogers, the Board approved the following language:

- (c) (3) The 15-hour National USPAP course, or its equivalent, taught by an AQB certified USPAP instructor (15 hours)
- (c) (10) Appraisal Subject Matter Electives (30 hours) which shall include six (6) hours of the Florida laws and rules and three (3) hours of the Roles and Responsibilities of Supervisors and Trainees.

2008 Legislative Changes for Rulemaking

Counsel Gross provided a background for legislative changes to the rulemaking process that became effective on July 1, 2008. He stated he will provide additional information as it becomes available.

House Bill 7109 creates the Small Business Regulatory Advisory Council and a Florida Small Business Advocate. Under this new law, all rules that have an impact on small businesses must contain a Statement of Estimated Regulatory Costs (SERC) of the proposed rule.

Senate Bill 704, the "Open Government Act" contains substantial revisions to Chapter 120, Florida Statutes, including several that critically affect the rulemaking process.

Continuing Education Modules

Vice Chair Rogers presented a proposal to implement testing modules during each renewal cycle for all appraisers. The program would require each appraiser to take and pass a comprehensive exam module for various levels of experience and knowledge. He made the following points:

- Existing exam vendor could issue exams
- This program will require appraisers to focus on the core elements of appraisal in order to pass the exams
- The education providers will need to focus courses on core elements in order for the appraisers to pass the exams

Director O'Bryant's stated this is do-able, but there are several elements that must be worked on:

- Technology changes to database to track the pass / fail records of the appraisers
- Rule changes to require the modules as part of the continuing education requirements
- Would like to require instructors to attend at least one two-day FREAB meeting
- Could not be implemented before the 2010 – 2012 renewal cycle

Disclosure Requirements

Vice Chair Rogers presented a proposal to require all appraisers to disclose in writing, within the body of the appraisal report, each individual appraiser who worked on the report and state specifically what part of the appraisal report they contributed. The objective is to raise the quality of the work product and appraiser accountability by identifying the parties who developed the report.

Experience Requirements

Director O'Bryant advised the Board he will continue to work on the following topics:

- Supervisory Experience – The requirements of experience, education and time licensed have been considered as guidelines to developing a supervisory appraiser program. These guidelines will limit the number of certified appraisers to supervise in an already limited market. This is an item that will need to be added to the Legislative Agenda for next year.
- Practicum Experience – The Appraiser Qualifications Board (AQB) permits practicum experience. Florida has no provisions in place to provide for the use of practicum experience. Any program will need to be closely monitored and made available only in a classroom to maintain control of the program, and ensure students are being taught what they need to know.

Director O'Bryant said he will develop generic language to present to the Board at the October meeting. He will also develop a plan for next year's Legislative packet to include these issues.

Digital Signatures

Dennis Black appeared before the Board to address the issue of digital signatures. Mr. Black asked the Board to consider eliminating the use of digital signatures within the State of Florida. He cited Chapter 475.613, Florida Statutes and Chapter 61J1-9.001, Florida Administrative Code as the authority to implement a change to the existing rules. He recommended a return to ink signatures on all appraisal reports.

Director O'Bryant stated the Department would disagree with this type of policy. Member Dailey stated that the current business process would present many obstacles in the mortgage industry.

Administrative Matters

Ratification of Suspended Licenses

Upon motion by Member Small with second by Member Wright, the Board voted unanimously to ratify the reinstatement of certified residential appraiser Clayton Melvin Taul.

Upon motion by Vice Chair Rogers with second by Member Wright, the Board voted unanimously to ratify the reinstatement of certified residential appraiser Anthony Pena.

Upon motion by Member Small with second by Member Wright, the Board voted unanimously to ratify the reinstatement of certified residential appraiser Deborah A. Sterling.

Ratification of Course Approvals

Upon motion by Member Wright with second by Member Small, the Board voted unanimously to ratify the course approvals for the weeks of June 2, 2008 and June 23, 2008.

Correspondence

The Board reviewed three pieces of correspondence from Mauricio Rodriguez, Lawrence J. Fell, and Bruce Goldman.

Director's Comments

Director O'Bryant provided a brief update regarding the following topics:

- The HVCC letter has been revised and forwarded to the Governor's office. There has been no communication that the letter has been signed and sent to Washington. The Director and Chair both thanked Member Small for his contributions to the final version of the letter.
- The mutual recognition agreements currently in place will be on hold until further review of the rule and discussion with involved states in early October.
- The next FREAB meeting will be held at the Fort Lauderdale Beach Resort on October 27th and 28th, 2008. A notice will be posted to the Website.
- The Fall Conference of the Association of Appraiser Regulatory Officials (AARO) will take place in early October. Chair Herndon, Vice-Chair Rogers and Director O'Bryant will attend.

Chair's Comments

The Chair commented on the following:

- The term "contiguous counties" as referenced in Rule 61J1-4.010(5)(b) means counties that share boundaries.
- A "Plain Speak" initiative for disciplinary reports is a topic discussed with Secretary Drago. The Secretary was receptive to the idea and agreed it could be a good tool for teaching for the appraisal industry.
- There is a concern when a respondent in an investigation voluntarily surrenders a license as opposed to the FREAB revoking that license. If a person voluntarily surrenders the license, that person can go to another state and not have to admit to any record of discipline on their license.

Chief Attorney, James Harwood explained to the Board that the form for a voluntary surrender states that it is "for permanent revocation". The language is not negotiable and it is reported to both the National Registry and the Licensing Portal as a revocation.

Public Comments

The Board received comments from the audience.

There being no other business, the Chair adjourned the meeting at approximately 4:35 p.m.

August 5, 2008

Chair Joni Herndon reconvened the meeting of the Florida Real Estate Board at approximately 8:30 a.m., in Orlando, Florida, on this 5th day of August, 2008.

Member Wright offered the Invocation and Member Dailey led the Pledge of Allegiance. The Chair introduced the members present: Vice-Chair Michael Rogers, Cynthia Wright, Jay Small and Susan Dailey. Michael Gross, Assistant Attorney General, appeared as counsel for the Board. Mr. Gross declared a quorum present.

Division staff present at the meeting: Thomas O'Bryant, Jr., Division Director and Executive Director for the Board; Bob Minarcin, Chris Lindamood, Allison McDonald, and Jason Holtz, Senior Attorneys; Fred Clanton, Investigations Supervisor; JoEllen Peacock, Education Coordinator; Beverly Ridenauer, Government Analyst II; Janice Taylor, Government Analyst I; Sheila Hall, Government Analyst I; Peggy Hanna, Government Analyst I; Peter Patterson, Government Analyst I; Mica Smith, Regulation

Specialist II; Lori Crawford, Regulatory Supervisor/Consultant. American Court Reporting (407.896.1813) provided court reporter services.

Legal Docket

The Board addressed the Legal Agenda, consisting of 36 docket items. The Board considered thirty-five docket items and approved the continuance or withdrawal of one docket item. The Board's decisions on these matters are maintained at the Division of Real Estate headquarters.

Public Comments

The Board received comments from the audience.

Adjournment

There being no further business and no objection, the Chair adjourned the meeting at approximately 3:35 p.m. The next general meeting of the Florida Real Estate Board is scheduled for October 27 & 28, 2008, in Fort Lauderdale, Florida.

ATTEST:

Joni L. Herndon, Chair
Florida Real Estate Appraisal Board

Thomas W. O'Bryant, Jr., Executive Director
Florida Real Estate Appraisal Board

Date _____

Date _____

Prepared by: _____
Beverly Ridenauer
Government Analyst II

Date _____