

Appraiser Certification & Licensure Board

Board Meeting - Summary Minutes

April 18, 2005

West Coast Bank, 550 Center Street NE, 2nd Floor Conference Room, Salem, Oregon

BOARD MEMBERS IN ATTENDANCE

Terry Bernhardt, Vice-Chair
Craig Zell, Chair
Clifford Houck
John Larsen
Doug Nelson
Dee Staple
Jill Whitlock

ACLB STAFF IN ATTENDANCE

Karen Turnbow, Office Manager
Bob Keith, Administrator
Robyn McGinnity, Legal Counsel, Dept. of Justice
Cyndie Standley, Co-Compliance Program Coordinator
Chuck Fisher, Co-Compliance Program Coordinator

BOARD MEMBERS ABSENT

None

PUBLIC IN ATTENDANCE

Larry Ofner
Brian Glanville
Roxanne Gillespie

I: CALL TO ORDER AND VERIFICATION OF QUORUM

Chairperson Craig Zell called the meeting to order at 9:08 a.m. and verified that a quorum was present.

II: PUBLIC INPUT

Larry Ofner (State Certified General Appraiser) -- Testified regarding Senate Bill 77. Senate Bill 77 creates an exemption from appraisal activity for performing "administrative determinations of just compensation" in condemnation actions for values under \$20,000. He is concerned that this bill would create an unacceptable precedent in our law. This would open the door for others such as banking lobby, and other unlicensed people to come in and perform an appraisal for values under \$20,000 without requiring the services of a certified appraiser. He does not believe that the bill is necessary. He believes that once appraisers understand that they can complete such a low value, non-complex appraisal assignment by providing a limited scope of work, they can perform this service for lower fees. See side-by-side comparison of 49 CRF 24, Subpart B (handout). See also letters to ODOT and Legislative Committee from Larry Ofner. Larry Ofner requests that the Board oppose Senate Bill 77 which creates an exemption for appraisers/appraisal activity. Members of the Appraisal Institute would not be able to provide these types of USPAP exempt appraisals because of membership requirements to comply with USPAP.

Brian Glanville (State Certified General Appraiser) -- Believes that Senate Bill 77 is a bad idea. He believes that the bill is not necessary. Appraisers should be held to performing a level of work that is set by national standards. There is currently no standard for reviewing these proposed exempt appraisals which creates an atmosphere for fraud.

Roxanne Gillespie (State Certified General Appraiser) -- Under ORS 674, the Board is charged with protecting the public. Under Senate Bill 77, the Board would lose its ability to enforce appraisals within Oregon.

III: ACTION ITEMS

Review and approval of minutes for the January 10, 2005 board meeting.

Discussion regarding revisions to the January 10, 2005 board meeting minutes.

MOTION #1

Terry Bernhardt moved and Doug Nelson seconded that:

The Board approve the January 10, 2005 meeting minutes, as revised.

Motion passed unanimously.

IV: NEW BUSINESS

Revised Appraiser Experience Logs: Discussion regarding proposed changes to the Appraiser Assistant experience log.

7-Hour National USPAP Update – Late Completion Sanction: Discussion regarding proposed sanctions for licensed/certified appraisers who failed to complete the 7-Hour USPAP Update course by December 31, 2004. Standley sought guidance from the Board as to whether or not the Board should pursue disciplinary action against appraisers who failed to complete the 7-Hour USPAP Update Course by December 31, 2004 as required by administrative rule.

MOTION #2

Doug Nelson moved and Dee Staple seconded that:

The Board not impose disciplinary action against licensed/certified appraisers who failed to complete the 7-hour USPAP Update Course by December 31, 2004, unless the Appraisal Subcommittee has a different position.

Motion passed unanimously.

Keith will seek guidance from the Appraisal Subcommittee regarding its position as to the Board not taking disciplinary action against appraisers for failing to meet AQB and administrative rule requirements to complete the 7-hour USPAP Update Course by December 31, 2004.

AARO Spring Conference Report (Zell/Keith): Prior to the AARO conference, Keith and Zell attended a meeting regarding implementation of the new AQB requirements.

The new education criteria was also discussed at the AARO meeting. The Appraisal Foundation has offered to send anybody at their expense to respond to Board inquiries regarding implementation of the new criteria. Another seminar being put on by the Appraisal Foundation will occur in the fall of 2005 as a follow-up for implementation of the new criteria. The AQB has published a summary of the new criteria.

Keith provided a brief summary of what happened during the AARO conference.

(Saturday morning of the conference dealt with primarily breakout committee meeting. Keith attended the investigator meeting. Sunday involved a panel discussion that included Freddie Mac, Fannie Mae, VA, etc. Sunday was a key-note

address from Peter Clark regarding worldwide trends and skills needed by appraisers in the future. Mark Greenburg of the ASC spoke at the AARO conference. Greenburg advised that there are currently 84,000 licensed/certified appraisers in the country at this time. The issue of universal reciprocity was brought up. David Bunton, of the Appraisal Foundation, reported that the Foundation is developing a portion of their website that will allow the states to identify students who have taken the 15 hour and 7-Hour National USPAP Courses, including whether or not they passed the exam. One of the hot topics at AARO was appraiser ID theft. Another issue that came up was the Gramm, Leach, Bliley Act. Keith and Zell wanted to find out if other states were experience the same problem as Oregon involving the conflict between the open records law and the privacy act of GLB. The last presentation on Sunday was a panel discussion by the three ASC auditors regarding the most common deficiencies found when auditing the state regulatory agencies.)

Discussion by the Board regarding public testimony from Larry Ofner, Brian Glanville and Roxanne Gillespie pertaining to Senate Bill 77. The Board previously moved to approve the proposed language in the draft legislation with the condition that the Board has the authority to control the threshold dollar amount for the exemption. This condition was not met in the current bill.

MOTION #3

Doug Nelson moved and Dee Staple seconded that:

The Board oppose Senate Bill 77 on the basis that the Board's original condition had not been met as the Board no longer has control over the threshold value limit for the appraisal waiver and exemption under ORS 674.100 .

Motion passed. Houck voted no.

BREAK: 11:12 A.M.

RECONVENED AT 11:30 A.M.

NEW BUSINESS (Continued):

Appraiser Assistant Guidance Council (Nelson): Nelson proposes that the Board create a guidance council that would involve at least one member of the board and other members from around the state that would monitor appraiser assistants and supervising appraisers. Nelson suggests that the Guidance Council would meet with the assistant to review appraisal reports and then bring forth a recommendation as to whether they would be allowed to sit for the exam, obtain additional training or education, etc.

Staple stated that the new criteria set by the AQB will be onerous enough for the Assistant, without additional oversight.

The Board will take her concerns under advisement for further consideration.

Appraiser Assistant Limit for Supervising Appraisers: Bernhardt has concerns regarding the administrative rule regarding the ratio of assistants to supervising appraisers.

Zell stated that the AQB, in the new criteria to take effect January 1, 2008, recommends that supervising appraisers be limited to no more than three appraiser assistants. According to information from the AQB, it was the intent of the recommendation for limiting the number of assistants to supervising appraisers to allow for a ratio.

LUNCH BREAK: 12:50 P.M.

RECONVENED AT 1:45 P.M.

Further discussion regarding interpretation of the rule

MOTION #4

Cliff Houck moved and Doug Nelson seconded that:

The Board interpret OAR 161-025-0000, 0005, and 0010 regarding the ratio of assistants to supervising Appraisers such that the time or ratio can be apportioned/allocated to the supervising appraisers Based upon a full-time equivalent position.

Motion passed unanimously.

Public Testimony reopened for additional input:

Zaphod Mann testified regarding the possibility of development of a forum for discussion of interpretation of USPAP. The Board referred Mr. Mann to the Appraisal Foundation or to the Board Administrator for questions regarding USPAP compliance.

New AQB Appraiser Qualifications Criteria Implementation: Discussion regarding the new education and experience requirements and implementation of those requirements. The Board must decide on how to implement the new requirements and develop administrative rules for implementation and course approval. Staple had some concern with regard to approval of distance education.

MOTION #5

Dee Staple moved and Doug Nelson seconded that:

The Board adopt a modular approach to approving qualifying education and a segmented approach to implement the new criteria.

Motion passed unanimously.

V: OLD BUSINESS

Legislative Update: Discussion regarding status of bills before the legislature, and status of other bills that may impact the Board. Zell advised that Senate Bill 385 has been passed out of Committee with a due pass recommendation for the full Senate. The Board has been tracking all of the legislative bills that pertain to Measure 37.

Legal Counsel, Robyn McGinnity, provided information related to the Gramm, Leach Bliley Act as it pertains to Oregon public records law. McGinnity sent an e-mail to Senator Prozanski requesting a fix to Oregon law allowing for an exemption under ORS 192.502 from public record disclosure.

Senate Bill 405 would allow semi-independent agencies to purchase real estate.

House Bill 2027 would require semi-independent agencies to undergo a financial audit under ORS 182. The Board's current authority lies in ORS 674, separate from ORS 182.

House Bill 2029, sponsored by the JLAC, would change the reporting requirements of semi-independent agencies with regard to reporting timeline and report content. Keith is requesting amendment to the bill to include operating authority for the Board under ORS 182.

House Bill 2157, would include the Board's ability to conduct national fingerprint background checks.

Zell provided input regarding some of the legislative bills relating to Measure 37.

Budget Update: Larsen advised that the Board is within 1% of budgeted expenses and will finish the biennium significantly under projected expenditures.

MOTION #6

Cliff Houck moved and John Larsen seconded that:

The Board adopt a temporary rule under OAR 161-006-0025 with an effective date of July 1, 2005, and a budget amount of \$880,142, until such time as a permanent budget can be adopted.

Motion passed unanimously.

Enforcement Update: Standley advised that the Board has received 27 new complaints since the January 10, 2005 board meeting. The Board only has two complaints that are over one year old. Both cases are ready for final draft of a proposed notice of disciplinary action.

Zell inquired whether the 27 complaints filed by a single individual have been screened for validity.

Keith advised the Board that the Dawell case has been appealed to the Oregon Supreme Court.

VI: ADMINISTRATOR'S REPORT

The Board was given a Scope of Work handout. This is a short summary of what the ASB is doing by way of revising the scope of work issue that will eliminate the departure rule. This is an ongoing project the ASB has been working on for quite some time. It's anticipated that the new Scope of Work rule under USPAP will go into effect on July 1, 2006.

Keith provided a copy of his written testimony that he presented to the Legislative committee with regard to Senate Bill 385. Keith discovered immediately prior to presenting the testimony before the Legislature that the language contained within the draft was not acceptable by the State Police and FBI. Keith then advised the Board of the actions he has taken since that time.

Keith advised that the Board is being courted by a group of semi-independent agencies with regard to purchase of a building in Salem. This is not possible without passage of Senate Bill 405.

Keith requested that the Board review the general correspondence provided to the Board. Keith specifically requested that the Board look at the comments received by the Board, complimenting staff for its efforts.

MOTION #7

Doug Nelson moved and John Larsen seconded that:

The Board adjourn the meeting.

Motion passed unanimously.

Meeting adjourned at 3:45 p.m.

Next scheduled meeting – July 18, 2005