

# Appraiser Certification & Licensure Board

## Quarterly Board Meeting - Summary Minutes

October 17, 2005

West Coast Bank, 550 Center Street NE, 2<sup>nd</sup> Floor Conference Room, Salem, Oregon

### BOARD MEMBERS IN ATTENDANCE

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

### ACLB STAFF IN ATTENDANCE

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

### BOARD MEMBERS ABSENT

Sara Fraser

### PUBLIC IN ATTENDANCE

John McCulley  
Louesa Isett  
Zaph Mann (in later in afternoon)

### I: CALL TO ORDER AND VERIFICATION OF QUORUM

Chairperson Craig Zell called the meeting to order at 9:23 a.m., following an administrative rules hearing, and verified that a quorum was present.

### II: PUBLIC INPUT

None

### III: ACTION ITEMS

Review and approval of minutes for the August 29, 2005 board meeting.

Zell had a couple of corrections to the draft minutes. Discussion regarding amendments to draft minutes.

#### MOTION #1

Bernhardt moved and Nelson seconded that:

*The Board approve the August 29, 2005 meeting minutes as amended.*

Motion passed unanimously.

Larsen volunteered to work with staff to develop new personnel policies for exposure at the April 2006 Board meeting and July 2006 adoption.

The Board will begin answering phones at 8:00 a.m.

#### **IV: NEW BUSINESS**

Zell and Bernhardt had some concern regarding charging a fee for submitting an application for the proposed supervising appraiser endorsement. Board members are generally concerned that there is a lack of incentive for appraisers to take on assistants and train them. The process itself is burdensome and not financially feasible.

Whitlock stated that the supervising endorsement would, in fact, encourage other appraisers to become supervising appraisers. The required class will give them the education they need to get started and to comply with administrative rule requirements. Whitlock feels that the application fee is minimal.

Discussion by the Board as to what level of audit would be done in reviewing appraisal reports as part of the supervising appraiser endorsement application process. Is there a problem with issuing letters of counsel to applicants for issues of USPAP compliance versus conducting a compliance review as part of a complaint?

The Board went through each rule individually and discussed proposed changes.

**BREAK: 11:00 a.m.**

**RECONVENED AT 11:20 a.m.**

2006 Meeting Dates: January 9, 2006; April 17, 2006; July 13, 2006 (Thursday); and October 23, 2005

Zell advised that Keith has been elected Vice-President of AARO.

Keith advised the Board regarding the new requirement effective January 1, 2006 for agencies to utilize an advisory committee for implementation of proposed rule changes.

Adoption of proposed administrative rules:

#### MOTION #2

Doug Nelson moved and Jill Whitlock seconded that:

***The Board adopt the proposed rule changes as discussed and amended.***

Motion passed unanimously.

The Board chose to table the proposed rule regarding the Supervising Appraiser Endorsement program pending further consideration.

Comp Checks: Keith indicated that appraisers are being pressured to provide "comp checks". The Board discussed the possibility of prohibiting comp checks by appraisers. Bernhardt provided input regarding issues with regard to lenders requesting "comp checks". Bernhardt discussed the liability and abuse of providing comp checks or a list of sales. Sometimes there is a legitimate excuse for providing a limited scope appraisal. Keith indicated that the Board raised the issue of comp checks in the last newsletter. Zell asked Bernhardt to review this matter and make recommendations at the next board meeting for possible rule adoption.

Discussion regarding establishment of an Advisory Committee for consideration and review of the proposed Supervising Appraiser Endorsement program. Zell would like to put together a committee that includes such people as a residential banker, residential review appraiser, commercial appraiser, supervising appraiser, board member and staff. The

committee would provide input and recommendations at the January 9, 2006 board meeting. Zell recommended that the committee take the proposed rule for the supervising appraiser endorsement program and expand and develop it.

## **V: OLD BUSINESS**

Re-investment of reserve funds: Zell reinvested \$300,000 of the Board's funds at 4% interest for 10 months. \$100,000 was put into a money market account for accessibility purposes.

Enforcement Update: Keith advised that the Board has 70 open enforcement cases (three have been closed since the report was issued). There are three cases that are pending a hearing. Fisher indicated that the Board may see an increase in expenses related to enforcement cases. Fisher advised that there are 40 cases that were filed in November/December 2004 that will need to be reviewed prior to the Appraisal Subcommittee audit in July 2006. Zell stated that, unless staff is totally overwhelmed, that staff can provide more consistency with screening and handling of the cases.

Budget Report: Zell noted that the Board is doing well with regard to staying within the proposed budget. Based upon the comparison of July-September 2005 to July-September 2003, the income has increased with the amount of applications coming in.

Discussion whether to eliminate License Credential: This issue was raised at the last board meeting. Keith and Zell brought up this issue at the Fall 2005 AARO conference. Illinois is eliminating the State Licensed Appraiser level and forcing all licensees to upgrade to at least Certified Residential appraiser. After discussion with Ben Henson, a consensus was reached whereby a state could make a requirement for a higher standard, but it would have to be a future requirement, not during that licensee's current license period. Keith expressed concern with eliminating the state license level; that it would limit the number of people coming into the profession, especially in light of the new education requirements effective January 1, 2008. Nelson indicated that the intent would be to raise the qualification level of appraisers in this state. Nelson proposes to no longer issue licenses for State Licensed Appraiser effective a certain date. The Board would want to seek more input from the appraisal industry before proceeding with any recommendations regarding this proposal.

## **VI: ADMINISTRATOR'S REPORT**

Keith advised that the website for "Instant Home Value" has been changed to the positive.

Appraiser group has been meeting with association of realtors to discuss disclosure of concessions, etc. Realtors are looking at revising the contracts to include a disclosure to appraisers.

Keith briefly summarized what happened at the Fall 2005 AARO conference in Washington DC. Zell indicated they got some great feedback and favorable response to the proposed supervising appraiser endorsement program.

Controversy regarding the new Fannie Mae appraisal form Certification #23. The form identifies the intended use/user as the lender for mortgage purposes only. The bottom line is that USPAP requires appraisers not to do anything that could be misleading. In July, the ASB advised appraisers to comply with USPAP when disclosing intended use/users, even if it contradicts with the new Fannie Mae form. Appraisers now have a certain liability risk when using the new Certification #23. AARO and the state regulatory agencies have put together a proposal to send to Fannie Mae instructing appraisers to follow USPAP and to clarify by addendum something that may be contrary to what's on the form. They are requesting Fannie Mae change their form to allow clarification. Zell recommended that the Board communicate to all Oregon licensed appraisers via e-mail, identifying the controversial issues with regard to use of the new Fannie Mae Form and to follow the ASB's advice.

Issues discussed at the AARO conference included appraiser identity theft, mortgage fraud, flipping, adequate supervision and training programs.

House Resolution 1295 and its requirements were discussed. The bill has been put on hold because of the two recent hurricanes.

Zell and Keith attended the Phase 2 meeting regarding education implementation and course approval to meet the new AQB requirements effective January 1, 2008.

The AQB has completed three new exam outlines that can be purchased by any testing provider.

Ben Hensen of the ASC identified increases in the total number of licensees nationwide. There is also an increase in the number of states not meeting FIRREA requirements with four primary areas of deficiencies; enforcement, affidavits for continuing education, shelf life of an examination, and states not requiring 24 or 30 months of experience to become certified, rather than just a 24 or 30 month registration period.

ASB will be adopting its fifth exposure draft, then plan on going to a two-year change cycle.

MOTION # 3

Doug Nelson moved and Terry Bernhardt seconded that:

***The Board adjourn the meeting.***

Motion passed unanimously.

Meeting adjourned at 1:03 p.m.

Next scheduled meeting – January 9, 2006