

Washington State Real Estate Appraiser Commission meeting transcript – May 16, 2023

Scott Bethan (00:00:02):

First of all, for anybody who joined in the previous meeting, again, I know we had sent out a message, we apologize. There was just sort of a perfect storm of commissioners who unexpectedly had to be out and all for very good reasons, and we certainly understand that. And we didn't have a quorum, so it would've been not a good use of anyone's time. We couldn't take any actions, we couldn't approve the minutes. We would've had some things that went out there informationally, we couldn't talk about it. So we decided to postpone that meeting, which we did to today. So again, we're trying to do the right thing for everybody. It's a moving target. So thank you all very much.

(00:00:45):

So just a little bit of wayfinding here. So I'm Scott Bethan. I'm the chair of the Real Estate Commission, and I guess it's now 1:30.

(00:00:54):

And so I'm going to call the meeting to order. And as a reminder, the meeting is open to the public. We're going to be trying public comments just a little bit differently. And I know we've kind of struggled with how to do public comments, but after speaking with staff and spending time with understanding the Washington State approach to Open Meetings Act, we are going to be just a little bit careful on how we do public comments.

(00:01:28):

And I'm going to remind us before the public comment period, but we're going to ask you to really try to keep it to three minutes. And then what we'll talk about later, but I'll say to start right now and then we'll talk about it again later, is that really when it comes to public commentary, if the public comes up with a topic and then we as a commission have any kind of conversation around that that is relevant to that topic and even kind of discussion about, "Hey, what do we think about this? What should we do?" If we do anything more than refer it back to staff or to push it to the next meeting. And if we refer to staff, it might be on the agenda for the following meeting or it might be like, "This is really an important topic and it's time sensitive. So it may be that it's something that we want to get an answer out on list service as soon as possible."

(00:02:29):

If we have more discussion than that, then there's a view that that could violate Open Meetings Act. We're not trying to tamp down discussion, but we're trying to make sure that we adhere to Washington state law. There's the nuance of are we trying to control the discussion? That answer is no. Are we trying to adhere to how open meetings acts are viewed by the state of Washington? Yes. So I think we'll have a little more on that later, and I just wanted to get that out there and let you all kind of know in advance. You can always put comments in early, but we'll talk about that in a few minutes.

(00:03:12):

So asking everyone to mute themselves when you're not speaking and unmute when you are speaking. And for all of us commissioners as well as the public commentaries, please make sure you state your name when you're making comments. So I think that's kind of the call to order and kind of wayfinding for the meeting. And we're going to go into the roll call. So I'm going to ask Sandra Schaeffer to take over.

Sandra Schaeffer (00:03:44):

Yes, thank you. And I'll start with you, Chair Potter.

Scott Bethan (00:03:49):

Bethan's present.

Sandra Schaeffer (00:03:50):

I'm sorry, Chair Bethan. My gosh, I'm looking at the wrong picture here.

Scott Bethan (00:03:50):

Old habits die hard.

Sandra Schaeffer (00:03:59):

Yeah. And Commissioner Potter.

Seedor (00:04:06):

He might be muted.

Sandra Schaeffer (00:04:11):

Commissioner Potter? I can see him.

Sandy (00:04:21):

Yeah, he's present.

Sandra Schaeffer (00:04:23):

Okay. Commissioner Palmer?

Palmer (00:04:26):

Present.

Sandra Schaeffer (00:04:27):

Thank you. Commissioner Nittle?

Nittle (00:04:30):

Present.

Sandra Schaeffer (00:04:32):

Vice Chair Elston?

Elston (00:04:35):

Present.

Sandra Schaeffer (00:04:36):

Thank you. And Commissioner Seedor?

Seedor (00:04:38):

Here.

Sandra Schaeffer (00:04:41):

Thank you. Did I miss anybody? I'm going down my list. I'm sorry. We're good. Okay. Thank you. Back to Chair Potter or Bethan. My goodness.

Scott Bethan (00:04:53):

I'm glad somebody else is having the day like I'm having. I guess I would ask first to approve the agendas. We're looking for a motion to do so.

Seedor (00:05:03):

So moved.

Potter (00:05:04):

Second.

Scott Bethan (00:05:05):

Okay. So Mr. Potter and Seedor. All in favor say aye.

Potter (00:05:10):

Aye.

Seedor (00:05:10):

Aye.

Scott Bethan (00:05:13):

Any opposed? Motion carries. Approval of the minutes. The minutes for January 12th, 2023, have been previously distributed. Are there any changes or corrections to the minutes?

Seedor (00:05:29):

I have a correction on section just before the conclusion. It's on page 13 of my handout anyway. Do you find it?

Sandy (00:05:49):

Yeah, go ahead. What's your update? And I'll make note of that.

Seedor (00:05:53):

Okay. It's the paragraph that starts, "Justin Slack said he is a USPAP instructor."

Sandy (00:05:53):

Okay.

Seedor (00:06:05):

Also, he added it should rise to the level "of" a work group, not "f" a work group.

Sandy (00:06:13):

Thank you. We'll make that change.

Seedor (00:06:23):

Okay. Move to approve.

Potter (00:06:26):

Second.

Scott Bethan (00:06:28):

All in favor? [inaudible 00:06:30] Any opposed? Motion carries. Right, Sandy, it's back to you.

Sandy (00:06:41):

All right, well thank you very much. Now we are on to agenda item 5.1 and we would like to recognize officially... What's that?

Sandra Schaeffer (00:06:54):

I'm sorry to interrupt. We also have a one-page minutes from April 13th.

Seedor (00:07:04):

Yeah, 4.2, move to approve.

Potter (00:07:06):

Second.

Scott Bethan (00:07:08):

Well, I'm sorry, I'm going to ask you a question. You just said 4.2 in... What am I...

Seedor (00:07:14):

Approval of the April 4th, 2023, minutes.

Scott Bethan (00:07:21):

Weirdly, I know this sounds really [inaudible 00:07:24]

Seedor (00:07:25):

You didn't print out the new agenda?

Scott Bethan (00:07:28):

Apparently not. Nevermind. So...

Potter (00:07:34):

I have it on my agenda.

Palmer (00:07:36):

Is that April 4th or April 13th? [inaudible 00:07:41]

Sandy (00:07:44):

It should be April 13th. This was a last scramble to try and get it on the agenda for this meeting. Even though the meeting was postponed and never really called to order, we wanted in full transparency to document that so that we could get that put on the website.

Scott Bethan (00:08:09):

And I'm going to apologize. Commissioner Palmer, you're absolutely correct. I do have the correct agenda printed out, but there's some notes that I've got on the old agenda. So you are right. I do have the new agenda. So you just moved to approve the April 4th, 2023 minutes, and it was seconded by

commissioner Seedor. So any questions, comments, feedback? Seeing none, both to approve, say aye.
[inaudible 00:08:40]

(00:08:42):

Any nays? Nope. Motion carries. Now Sandy.

Sandy (00:08:47):

All right, thank you. Now let's move on to 5.1 and this is our awards of recognition agenda item. And honestly, this is really difficult because we would really like to thank Heather Sullivan for serving on the commission. During her service, she was very instrumental in several subcommittees. She researched numerous subjects, participated in so many projects, and was just such an asset to the entire commission. We would like to thank her on behalf of the department for working so hard on the commission. And let her know that she will be missed as she begins her new opportunity with the Appraisal Standards Board. Chair Bethan, would you like to say a few words?

Scott Bethan (00:09:41):

Yeah, I would. I got to work with her on some various initiatives and she was just great. And she's a real asset to the profession. I mean, she's now on the Appraisal Standards Board and she's been helping out with a lot of initiatives around the Appraiser Diversity Initiative as well as our fall conference with the Seattle Chapter of the Appraisal Institute. What a great person to gotten to work with. And we're really going to miss you, Heather, and I know that we're not done working together outside of this official group, but boy, what a great asset to our profession. So really appreciate all that you have done.

Heather Sullivan (00:10:26):

Thank you. I appreciate it and it was a tremendous privilege to work with all of you and I just look forward to seeing everything roll out and those barriers to entry that you've been working on so much. So thank you. This is not goodbye.

Seedor (00:10:42):

Hope not.

Heather Sullivan (00:10:43):

Yep.

Scott Bethan (00:10:49):

Okay. All right, so great, great, great, great, great. Well, so I think we're going to move into old business and going to turn it back over to Sandy.

Sandy (00:11:07):

Thank you Chair Bethan. This is the PAREA and AQB update. Our rulemaking team did not complete the required revisions and the language updates prior to the end of the legislative session, so it was not

approved this year. We have several more steps that we have to complete before we can submit those changes. Among them are some more industry outreach efforts. We'll be holding some listening sessions and possibly sending out some additional surveys to get more industry input regarding both PAREA and the AQB standards and the proposed changes that they represent.

(00:11:49):

We had been trying to write the rule change cohesively and collectively with PAREA and the AQB standards change in one rulemaking effort. It looks like we might have to separate those. The data from our last survey that we sent out has been compiled and we're just about done analyzing it all. It will be completed and it will be added into the packet for the July meeting. One thing that we really need to do is we really need to make some more stakeholder engagement opportunities before we can really complete the next steps. But our goal is to have everything complete, documented, and ready to submit prior to the 2024 legislative session. And with that, I'm happy to answer any questions.

Scott Bethan (00:12:54):

Are there any questions for Sandy at this time or staff?

Potter (00:13:02):

Can you hear me?

Sandy (00:13:03):

Yes.

Potter (00:13:04):

Okay. You've referenced a legislative session. This is a whack rule change. It isn't a law change. I'm not sure exactly what has to do with the legislature.

Sandy (00:13:18):

Well, during the legislative session is when we have the teams available to write all this. So that's when we have support from our policy legislative unit in order to...

Potter (00:13:33):

It's a resources involved... It doesn't have anything to do with the legislature. It's some available resources.

Sandy (00:13:44):

Correct. This is a resource availability ask.

(00:13:52):

So I'm almost done going through all of the data and it looks pretty even as far as support and not support comments for both PAREA and the change in the standards. So we need to drill down a little bit more and see what the issue is on why the industry in general isn't really supportive of this and how we can make that change in a more positive way.

[NEW_PARAGRAPH]Are there any other questions? Okay. Thank you very much. Back to you Chair Bethan.

Scott Bethan (00:14:48):

I am going to just do a double check. So by the next meeting, what should we anticipate? Hopefully coming and maybe it's coming pretty quick as the shortened time between the two meetings. What are the next steps or what should we expect to see next coming back from staff?

Sandy (00:15:08):

That's a fantastic question. So I am just about done compiling all of the data that we received. I don't know if you all remember, I think it was probably back in January, February timeframe-ish that we sent out a survey. We sent it out to the industry and also to schools and trainees. And the survey questions centered around the changes of the AQB standards that were proposed and also introducing PAREA as an alternative pathway to licensure.

(00:15:51):

The responses that we got were fairly negative. And what we really need to do is we really need to step in, the department needs to step in and have some kind of outreach, some industry engagement to find out is this really how the industry feels or is it because they're not sure what the changes are? Or what PAREA is even? And then we have to also think about some of the negative comments came along the lines of, "Well, I had to do it so everyone else has to as well." So I mean we need to just really drill down into that data and figure out exactly what it is that it said.

(00:16:47):

So once I have all the responses compiled and in a readable format, I'm going to make a packet out of it and it will be sent out with the meeting packet for the July meeting. That way you have time to read it, digest it, come up with some questions, and then we can move forward from there. Does that answer your question?

Scott Bethan (00:17:17):

It does.

Sandy (00:17:20):

I mean I have every single comment listed. I have graphs and I have pie charts just about all ready to go.

Scott Bethan (00:17:31):

Okay. Okay, good. Are there any other questions? Excellent. All right, thanks Sandy.

Potter (00:17:40):

Hey Sandy, are you moving toward asking or suggesting that the commission change their recommendation?

Sandy (00:17:50):

No.

Potter (00:17:52):

Okay. Thank you.

Sandy (00:17:54):

No, we have received the recommendation and there it is.

Potter (00:18:03):

What do you mean there it is?

Sandy (00:18:05):

So that's your recommendation. You have already given us your recommendation and we're working really hard to implement that. We just have to make sure we do it correctly and follow all the right steps.

Scott Bethan (00:18:23):

I think, Commissioner Potter, I mean, I'm not looking to open up a can of worms and I don't know anything that would have me have a different view on this, but it'd at least be good to be able to understand the public feedback. And is it more information that we would like to get out there? Have we reached the entire universe of folks that we think represent the public? We have different stakeholders in what we do. There's the state, there's the folks that users and provides appraisal services. So I think it's going to be useful to get that feedback. And I was pretty clear in my view on PAREA before, and I think it's just part of the due process.

Potter (00:19:12):

Yeah, I'm all for it. I just wanted a clarification if that was what the objective was or what the path forward is with these intended activities.

Sandy (00:19:26):

Right. We know we do not want... No, we are moving forward with your recommendation. What we have to do as part of the department is we have to make sure we check every single box and follow every single step appropriately. And that's all we're doing.

Scott Bethan (00:19:44):

Yep. Good.

Potter (00:19:47):

Wouldn't have it any other way.

Sandy (00:19:49):

Perfect. Excellent. Good.

Scott Bethan (00:19:56):

Okay, so I don't have any other old business on the agenda. Is there anything else? Old business that anybody says? Wait a minute, that should have been old business? Well, I guess it's not on the agenda. We really can't talk about it anyway. Right, Sandy? Okay.

Sandy (00:20:12):

That's correct.

Scott Bethan (00:20:14):

At the moment we have no new business on the agenda, so we'll move into the committee reports. So to start with diversity, equity, and inclusion. And we've got Dean and Stan on that committee and maybe checking in with them.

Stan (00:20:35):

Thank you very much. Good afternoon.

(00:20:38):

I have been going online and monitoring the status of the PAVE Act and any other associated legislation. And right now, to date, I have seen no recent action on any bills to move anything forward. Apparently things are either totally bogged down in Congress and the only comments I've seen is that various committees and groups have been asked to kind of do studies of different aspects of this and to report back at some future date. Dean, I don't know if you have anything more current than that to report on this.

Dean (00:21:25):

Well, yeah, the only thing I have... I mean you've taken the lead on this, Stan. You're doing a great job and I encourage that.

(00:21:37):

The biggest thing that I see is, in early part of this month, that the Appraisal Standards Board approved exposure draft number five as a final change to the new USPAP coming out 1/1/24. And it will not have a expiration date. I'm sure it will expire at some time so far. If you want to acquaint yourself with

exposure draft number five, if you have not already done so, it's online, all you have to do is Google USPAP exposure draft number five, and the Appraisal Foundation comes up and you click on it and there it is in a PDF format, all 73 pages of it. And there's a fairly significant ethics rule change. I say it's a clarification of what, we've already always known what the obligation of an appraiser is, but they've expanded it. And I think if, maybe I'm reading in between the lines here, but the attitude somewhat is that we want to inform the public that Appraisers have always recognized about non-discrimination and fair housing and things like that. And this more so incorporates it into our rules so the public can see that it's part of what we have to do.

(00:23:16):

And of course when there's a change to USPAP in one area, it causes a lot of changes elsewhere. So there's a lot of other changes. And one part that I thought was kind of interesting was there's an expanded part about... And maybe I didn't print it out. Yeah, I didn't print it out. It is the transfers in sales and it talks about how you develop your market data and what you should be observing as elements of comparability and things like that. It wouldn't be bad for someone to read the whole thing because obviously you're going to be taking the USPAP course and this is going to be part of it, 1/1/24. But I think that's the biggest change other than what Stan is monitoring in the legislative area. So that completes what I have to say.

Stan (00:24:35):

Thanks Dean. I appreciate you bringing up the USPAP element of that.

Elston (00:24:40):

This is Commissioner Elston. I just would like to throw in a question. I've been hearing feedback. If USPAP goes to no expiration date, is the state going to still require that you take USPAP every time you recertify if in fact it hasn't changed? So I'd like to have the DOL address that. Thank you.

PART 1 OF 4 ENDS [00:25:04]

Commissioner Elston (00:25:00):

-DOL address that. Thank you.

Sandy (00:25:03):

That's a fantastic question. We do have that question in, well, not that particular question, but I am getting an update during the master action items. So, Sandra, could you add that to the master action items for next month please? Or for the next meeting, please. That's a fantastic question.

Scott Bethan (00:25:29):

Yeah, I'd agree. Thank you. Are there any other questions for Stan or for Dean? Dean?

Commissioner Sidor (00:25:39):

Well, let me just interject real quickly to address Commissioner Elston's question. I may be wrong on this, but I vaguely recall doesn't the state licensing law for appraisers state that we're required to have 28 hours of continuing education every license renewal period, which is every two years, and that seven hours of that shall be the [inaudible 00:26:07]. I thought that was specified, but I could be wrong.

Bill Dutra (00:26:12):

I think you're correct.

Commissioner Sidor (00:26:14):

So right now we'd have to take it every two years, every renewal cycle for licensing, unless the state law has changed.

Scott Bethan (00:26:31):

And that's what I think Sandy's going to be putting on kind of the action item list to kind of do some research. And it may be it's a law change and it may be that we are. Yeah.

Sandy (00:26:41):

Definitely. I'll look into that.

Scott Bethan (00:26:43):

Yeah.

Commissioner Sidor (00:26:44):

All right. Thank you.

Scott Bethan (00:26:45):

Yep.

Sandy (00:26:46):

And I do see Heather Sullivan has her hand raised. However, could we hold that for public comments or do you want to take her public comment at this time?

Scott Bethan (00:26:54):

She's got a lot of great input, but I think I really would like to make sure that we're going to follow what we set up. And boy, I feel really guilty about this. Heather, we so care about you. We're going to take everything in the public comments if you don't mind. And I know you're going to have great input. Just thanks. Wow. Way to lose friends. Anyway.

Sandy (00:27:21):

Way to follow the law.

Scott Bethan (00:27:26):

Hey, anything else for Dee and I? Great. I will say that, real briefly, at the chapter, Seattle chapter fall conference there'll be, we're going to have some folks from Fannie Mae and Freddie Mac speaking to the appraisal of the diversity initiative, the Appraisal Institute. And Fannie and Freddie are both doing as well as, I think the Urban League, I'm forgetting, and Heather could probably comment on this. I should have that at the tips of my finger. But anyway, so there's going to be, I think some good commentary that'll be happening at that fall conference. So anyway. Okay, so go ahead, Sandy, back to you.

Sandy (00:28:14):

All right, thank you. So as you know, we have had a lot of changes in our unit, so I just wanted to give you a quick update about all these changes that are going on. So first and foremost, one recent change that has happened is Bill Dutra is now our administrator. So we're really excited to welcome him to be our administrator, and we really wish Micah Fond farewell. He got a fantastic opportunity that he just could not pass up. So we're really excited to have Bill Dutra onboard as our administrator. Our second update is we have a new whole director of DOL. His name is Marcus Glasper and he is just a fantastic individual and we're so excited, so excited to have him on board. So what you're seeing right now is how the business and professions division is broken out. We have several different units within business and professions division. We've got central services, we've got our licensing and customer support. We've got Central Investigations and Audit Unit, we have our prorate and fuel tax unit. We have our regulatory compliance UCC and Firearms unit. And last but not least, you have us, our board's commissions and outreach unit. So are there any questions about the changes that have occurred within the department lately?

Commissioner Sidor (00:29:58):

I got-

Sandy (00:29:59):

Thank you very much. Oh. Yes?

Commissioner Sidor (00:30:03):

So if Mr. Dutra is now the administrator, I assume that there's somebody new that's handling the investigation side of things.

Sandy (00:30:17):

Correct. So the administrator of the Central Investigations and Audit Unit is Catherine Negley.

Commissioner Sidor (00:30:30):

Great, thank you.

Sandy (00:30:32):

Does that answer your question?

Commissioner Sidor (00:30:33):

That does.

Sandy (00:30:35):

All right. And never fear, Debra Allen [inaudible 00:30:41] is still our assistant administrator.

Scott Bethan (00:30:46):

Good.

Sandy (00:30:47):

All right. So this is just how our individual unit breaks down. We have Bill Durtra as our administrator. Debra Allen [inaudible 00:30:57] is our assistant administrator. I'm here with the support of Sandra and we support all of the advisory boards and commissions. My counterpart is Sydney Newley supported by Susan [inaudible 00:31:14] and they support our regulatory boards. So any questions about our individual unit? All right, thank you very much. Now let's go ahead and move on to the complete case status as of April 4th.

Scott Bethan (00:31:32):

Before you do that, I do want to say one quick thing, and I'm still kind of relatively new being the chair, and I have got to say that Sandy and Sandra have been enormously helpful. And Deb has been great as well. And I can't thank you guys enough. And I know that's not on the agenda and we didn't talk about it beforehand. So if that violates [inaudible 00:31:56] Act, that's really too bad. You guys do a great job and I can't thank you enough and I just thought this is a great time to say, just kind of put that up there really quickly. But there's a lot that goes on before these meetings and after these meetings and I don't know how, I couldn't do it. So thank you very much.

Commissioner Elston (00:32:12):

Well, thank you.

Sandy (00:32:12):

Thank you, Chair Bethan.

Scott Bethan (00:32:14):

Yep.

Sandy (00:32:14):

We really appreciate you and enjoy supporting this commission.

Scott Bethan (00:32:20):

We're better than the other ones I know, right? Don't answer that.

Sandy (00:32:23):

All right, let's go ahead and move on to the complaint case status. This is accurate as of April 4th, 2023. I did not pull new numbers. This is exactly what would've been in your packet at the original meeting date. So we have eight closed cases, three that are in intake, 27 that are under investigation, 15 that have been forwarded to the legal team, 28 that are under management review, for a grand total of 81 cases. Are there any questions? Okay, we'll move on to the licensee count. So as you can see, I have the licensee counts for Washington state only and all licensees that are registered in Washington, but not necessarily living in Washington.

(00:33:42):

And I won't bore you by reading all the numbers. I'm sure you've seen them. Are there any questions about the licensee counts? Okay, well then we're going to move on to agenda item 8.2.4. And this is the investigative process that the DOL goes through with each complaint that comes in. So it's a four stage process and the first one is the complaint intake. So once we receive a complaint, it goes into initial review of information. Now this initial intake, it can be involved, maybe we'll need some more information. Maybe we need to assess what type of jurisdiction it falls under, whether what the severity of the complaint is and/or what the risk level is. Then it moves on to an investigation phase and that's when it is assigned to an investigator and they just gather the facts. Think Joe Friday, nothing but the facts, ma'am. They do not advocate for either party. All they do is collect information from all available sources and then it moves on to review.

(00:35:15):

So once all the facts have been gathered, it is forwarded to an investigation supervisor and/or the investigation manager to review all of the facts. And then one of four things happens, it's either closed without further action because there were no violations identified. A letter of education could be issued and that's for minor violations that do not rise to sanctions. Voluntary compliance, and that would be the goal. Or it could be referred to the compliance unit if none of the other solutions apply. And with that, I'm happy to answer any questions about the actual process a complaint goes through.

Commissioner Elston (00:36:05):

This is Commissioner Elston. I wonder if you could address the feedback that we've received from residential appraisers being concerned that there might be some sort of letters coming from Fannie Mae or Freddie Mac alleging wrongdoing without actually being signed or tied to a particular party. I think you were going to address that this meeting. Thank you.

Sandy (00:36:29):

Yes, thank you.

Scott Bethan (00:36:32):

Yes, Sandy, could-

Sandy (00:36:33):

Can Mr. Bethan, did you want to step in right now at this point?

Scott Bethan (00:36:38):

Very appropriate question because it's kind of a good segue, but I'm going to ask the question because there's two issues and I'm going to talk about this for a couple of minutes because I did a bit of research on this and I'm not going to pretend to be an expert, but I've got some information because when I heard this from the various stakeholders, it's like, boy, I'd be concerned and I'd like to know a little bit more. So why I say this is first of all, Sandy, what I'm forgetting is am I correct that there's nothing in the state, the state rulemaking that requires it be signed? I'm not commenting whether that's right or wrong, but I'm going to go back to what do we know about state law? And so if somebody files a complaint, even though there's a box for a signature there, if they don't sign it, is that still, are we still in conformance of state law? We didn't talk about this before, so if you don't have the answer right now, I don't want to put you on the spot.

Sandy (00:37:36):

No, you're absolutely correct on that. Even though there is a spot for a signature, it is not required by state law. And if we don't want to bar anyone from being able to make a complaint, we don't want to create any barriers. So even if it's not signed, we will accept it. However, we do have to think about the actual investigative process. What if we need more information? What if we need to get some more details about the complaint? So if we don't have someone we can reach out to, it really hinders the investigative process.

Scott Bethan (00:38:15):

It goes with the weight of what you can and can't investigate, so.

Sandy (00:38:18):

Exactly.

Scott Bethan (00:38:19):

And at this moment I have no commentary on whether it's right or wrong that we are taking those without a signature, but it is just at this moment in time, it is still compliant with state law and the administrative guidelines. So whether we like it or not, that's still a fact. So I'm going to leave that for now and then go on to start with I think that, and Sandy, I think we might want to send this out on the Listserv. There's actually on the Fannie Mae website, there is a lot of information about the appraiser quality monitoring. And many of you may already be familiar with this. You may say, oh wait, I know all about this. I am a residential expert and I am very much aware of that. There's a lot of information

there. But I'm going to also say I've had a chance to do a little bit of my own research, and I'm not going to pretend to be an expert.

(00:39:19):

That's the last thing I want to do. But as I understand, the [inaudible 00:39:26] has what they call both a state tip or a state referral. And actually there's a lot of process they go through to either do the tip or the referral. And the tips can be for a number of things that like, gosh, this appraiser is, we've kind of looked at the database we've got from them. They did 25 appraisals in one day or they were all over a geographic area. I mean completely spread out across the state. No trainee signatures, no disclosure, professional assistance. And it's not just one appraisal, but it's a repetitive pattern that they will note. And then when they do that, they will send that appraisal to the state. But what they don't do, there's a process they've gone through, in a lot of the process they're communicating their contact with the appraiser to let them know in advance of it going to the state.

(00:40:29):

And in 2022 there were 460 tips down from 21 of 500, and that's out of 3 million loans and 8 million UCDP submissions in 2020. So the number that they're forwarding, it's not a huge number compared to their universe of appraisals. Now, if you're the recipient of one of those, it's stressful. Trust me, I'm not in any way trying to downplay the stress of getting a letter from anybody that says, Hey, we're looking at your document and here's what we're looking at. The second one is a state referral, and that's a formal complaint to the state and it is an egregious appraisal issue that they have discovered during the review of these appraisals. And I think that I had... Not sure I've got any numbers on that, but it's less, I believe it is less than the tips, but I'm not going, actually, I'm not going to say that. I don't know that for a fact. My point is, when I first heard this, what I took away was that these appraisals are being spit out without a lot of, at least from Fannie's viewpoint process to get where they have either done the tip or the actual referral.

(00:42:01):

And I say that because it would be alarming to get that, and if anybody in this call is the recipient of one of these, my heart goes out to you because I totally understand it's stressful. But I believe what they're trying to do is make sure that if there are things that they can say, Hey, here's something with it, you either need to consider going forward, or if it's something that's really egregious, there's no way to, this is a specific thing happened to this appraisal that we need to point out. But I don't believe that it's done with just this shotgun and there's being spit out from a computer. My understanding is that they have got a lot of process and I welcome any comments from folks when it comes time to have items from the stakeholders. But I'm going to say that the feedback that I got is it wasn't like an automatic, nobody's looking at it. I believe that there's a number of touch points within Fannie and I would also refer you back. And, Sandy, I will send you the link for the AQM because it also has, if you've got questions about the program, if you'd like to understand and know better about how they approach this, there's a way you can submit questions to Fannie Mae as well.

Sandy (00:43:25):

Thank you. And I'll make sure we get that sent out on the serve after the meeting.

Scott Bethan (00:43:29):

Yep.

Commissioner Sidor (00:43:31):

Sandy, this is Commissioner [inaudible 00:43:33]. I had a question on the bottom part of the chart where it says voluntary compliance. What might voluntary compliance consist of? What are some typical elements of that?

Sandy (00:43:49):

That's a great question. I might need to call a lifeline for this one.

Commissioner Sidor (00:43:59):

Well, I mean I understand if referral, you might refer it to some legal action or something. What I don't see on this chart is actual implementation of any particular sanctions or whatever under voluntary compliance. Is it okay I agree to give up my license or something, or I don't know.

Sandy (00:44:27):

So I am going to go ahead and ask our new administrator, Mr. Bill Dutra, to see if he can answer this question a little bit for us. Bill?

Bill Dutra (00:44:38):

Good afternoon and thank you. So that's a great question. Voluntary compliance could be something pretty minor or simple that has transpired throughout this case or throughout a particular investigation. It could be as simple as just as you said, I agree to the suspension or revocation of my license. I will go through that process. I have been a part of one of those in the past. Voluntary compliance can also be, if it's a pretty minor situation, it's not unusual. Every great once in a while we may run across someone that may have performed something a day or two after they had expired, before they renewed their license. That compliance would be to ensure that they are actively licensed at the time that they're conducting any activities. There could be any number of things, sanctions that you mentioned. Sanctions. Sanctions can range from anywhere from state suspensions, fines, actual suspensions to revocations of your license. Those [inaudible 00:45:43] are granted to us by the statutes for real estate appraisers than actually all of our professions that we deal with at the Department of Licensing.

Commissioner Sidor (00:45:53):

Great. Thank you.

Bill Dutra (00:45:55):

You bet.

Sandy (00:46:02):

Thank you, Mr. Dutra. Are there any other questions? Okay. We'll go ahead and move on to the final report, which is agenda item 8.2.5, and this is the review of the master action item list. And because I am probably the one that's going to be reporting out on most of these, I'm just going to go ahead and roll with it. The first item was to review whether demonstration reports met USPAP requirements. Yes, they do. Demonstration reports do meet USPAP requirements and therefore DOL will accept them. If you have submitted a report that DOL did not accept, please let me know and we'll get it looked into. The next item was to provide clarification on a DOL accepts 100% of experience using demo reports for desktop only, and as long as the reports are USPAP compliant, DOL will accept them.

(00:47:18):

So that's the official answer that I got doing my research. The next one, and this one ties in to the question that was asked a little bit earlier, is the USPAP update clarification on whether AQB has changed requirements. The current version of UAP is still the 2020/2021 version, and the ASB voted to extend the effective date of that version until December 31st of this year. All future additions of the USPAP will have an effective date but no end date and that will give the ASB greater flexibility to do revisions as needed. And I suspect we'll have a comment from Heather Sullivan about that as well during our public comments. So next one is to report out on the commissioner recruitment. Super excited. We have concluded our discussions with each of the candidates and have sent our notes to the director to make his decision.

(00:48:21):

We will make a short announcement about that during agenda item 10.1. And just for full transparency, I wanted to go into what the recruitment process is. The recruitment process for a commissioner or a board member is a very lengthy process and is very in depth. Each candidate is fully vetted. The first step begins when a candidate submits an application, a resume, and a letter of interest. Once the complete application is received, I start detailing every single thing I can about this candidate. I do a very detailed research. The first thing I do is verify licensure. The RCW states that each member of the commission must be licensed for at least 10 years. Of course, I utilize the department's portal to verify the current status of license, but I also look up each candidate on the appraiser registry or asc.gov to validate any past licensure statuses. And that creates an entire picture about the total number of years that each candidate has been licensed. I also research any past violations or revocation of licenses that may have occurred. Now, note I did not say complaints. This is complaints that have moved through the entire process and have been founded as a violation or a revocation of license. Once it is determined that the candidate possesses the minimum requirements a discussion-

PART 2 OF 4 ENDS [00:50:04]

Sandy (00:50:00):

... that the candidate possesses the minimum requirements, a discussion is scheduled. After we speak with each candidate, we forward our notes to the director and then the director makes a decision. So that's the basic process that each candidate has to go through before they even make it to a discussion. And that's why it takes a few months in order to begin a recruitment and have a candidate successfully appointed to the commission. Okay. Oh. Yes. One quick thing I left out on the demonstration appraisal reports. While DOL does accept the demonstration reports, the DOL is not the client or the intended

user for the demonstration reports. So I just wanted to put that out there. That was for item one and item two.

(00:51:13):

Okay. Moving on to whether the licensee counts are over time numbers, the total numbers or new licensees for that year. And the counts are total licensees up to that point over time and not new licensee counts for the year. The next is provide data on trainees' specialty based on supervisor's area of expertise. Unfortunately, we cannot reliably capture this data. We don't collect it in that way. In addition to that, many trainees have more than one supervisor and it would be really difficult to figure out what specialty the trainee is going into based on several supervisors that they may have had. And last but not least was "Provide complaint case counts for the past three years." We're still working on that. We do have the complaint numbers in this packet up to this date, but I am working on getting a report for the last three years specifically. And that concludes the master action items. Back to you, Chair Biethan.

Speaker 1 (00:52:44):

Scott, you're on mute.

Scott Bethan (00:52:52):

Yes, I was. Any questions for Sandy on the action items?

Speaker 1 (00:52:59):

Move to accept the reports.

Scott Bethan (00:53:01):

Looking for second.

Commissioner Sidor (00:53:04):

I'll second that.

Speaker 2 (00:53:05):

Second.

Commissioner Sidor (00:53:06):

[inaudible 00:53:06].

Scott Bethan (00:53:10):

Okay. All in favor?

Participants (00:53:11):

Aye. Aye.

Scott Bethan (00:53:13):

Any opposed? Seeing none. Motion carries. Hey. All right. So we're going to move into the public commentary period. And like I said at the beginning of the meeting, and this has been a struggle for me, so I'm kind of learning how to be the chair and I see we've got the clock up, and we're really not trying to be overly prescriptive, but what we are trying to do is make sure that we get comments in and do it in a way that meets Open Public Meetings Act. And so we're going to ask you to go ahead and raise your hand, identify yourself. And you're welcome to submit written comments prior to the meeting or even after the meeting. And again, what we're trying to do is make sure that we get public commentary in but do it in a way that if there's a topic that we end up discussing, it really needs to be exposed to the public within a specified period of time prior to that meeting starting.

(00:54:21):

So if we just think, "Oh, that's a good idea to discuss," let's have a discussion around that, even if we don't discuss it with the public. So if somebody brings up a really well thought out and a relevant topic, but we have that discussion, we really haven't given the public an opportunity to listen to that discussion or take part in that discussion or at least listen to that discussion and be able to comment to it in the appropriate forums. And so that's one of the reasons why we're trying to do this. It's a little more more organized around how we're going to approach this.

(00:54:54):

So when something comes up, when we discuss it at the end of the public comment period, because what we'll be doing is we'll either ask the staff to further investigate the matter or ask the staff to have this meeting rescheduled for a discussion at the next meeting. And it may be that the outcome, again, if something has got a time sensitivity to it, it's like, "Oh, my gosh. We really need to raise this and understand this," we may also ask the staff if they investigate it further, but the answer might be coming out on LISTSERV as soon as they're able to do that. So Sandy, I'm going to confirm is there anything else that I have not said on that piece of it that you need to make sure that, "No, Scott. You didn't say that correctly."? I just am going to make sure, because this is kind of a new way we're trying to do this.

Sandy (00:55:44):

100% you did a great job. Thank you.

Scott Bethan (00:55:44):

Okay. All right.

Commissioner Sidor (00:55:46):

Chair Biethan?

Scott Bethan (00:55:50):

Yep.

Commissioner Sidor (00:55:51):

So this is Commissioner Sidor. There was also some comment or discussion about how many times someone will be allowed to provide a public comment. And I think that it's supposed to be you have one up to three-minute session or time rather than someone using three minutes one time and then coming in later and using another three minutes or maybe only using one minute initially and then they come in later and say, "Well, I haven't used my full three minutes, so..." Can we clarify that a little bit?

Sandy (00:56:32):

Perfect-

Scott Bethan (00:56:33):

We go ahead, Sandy. You were going to say something?

Sandy (00:56:37):

Oh, I was going to say that's a perfect comment. Members of the public who address the commission verbally are limited to one three-minute comment. In lieu of a verbal comment, individuals may submit their comment in writing at least two days prior to the meeting and they can email dolboards@dol.wa.gov. Written comments are limited to no more than 500 words and will be read by the staff during this portion of the meeting.

Scott Bethan (00:57:15):

I am going to ask a question, and careful of a question where you don't know the answer, because again, I am also trying to make sure that we don't use process to tamp down public comment. And I'm glad you clarified the three minute because I didn't have that answer, the one time and three minutes. I didn't have that answer on the top of my head. And I'm going to presume that is in the rulemaking somewhere. Maybe I'm going to ask you to confirm that if that's okay with you because...

Sandy (00:57:43):

We try to make sure every single board and commission is treated equitably and fairly. So each of our boards have the one three-minute comment just to make it fair and equitable across all nine boards of commissions.

Scott Bethan (00:58:07):

Okay. And then secondly, if someone has... Let's say a member of the public hears a comment that they have information they would like to share and they've already taken their three minutes and that they would like to then share and make sure that comes to the attention of the board, they can always send an email in after the meeting, after the meeting is done. Is that, I mean, correct?

Sandy (00:58:30):

Yes. They absolutely can.

Scott Bethan (00:58:32):

Yep. Yep. Yeah. I know we're getting a little more rigid... Sorry? Go ahead.

Sandy (00:58:35):

And we will make sure that that comment gets forwarded to the board and the commission.

Scott Bethan (00:58:41):

Yep. Yep. Okay. All right. [inaudible 00:58:45]-

Sandy (00:58:45):

Without causing a quorum.

Scott Bethan (00:58:48):

Yes. Are there any other questions about that before we give the last bit of wayfinding before we start the public comments from the commission? Anything from the commission before we start? Okay. Good. Members of the public, we're asking you, again, we just heard this one three-minute comment. You could always put your comments in into writing two days prior to the meeting or after the meeting, at dolboards@dol.wa.gov. And we ask to keep it at 500 words, so... All right. So I know that there's a few folks that have got their hands raised. I am looking here. I think, Todd, you had your hand raised first and you took it down. So would you like to start?

Todd Redington (00:59:38):

I did, but I would defer to Heather who had that comment earlier, so if she wants to contribute there, and that's fine.

Scott Bethan (00:59:46):

Okay. Actually, yeah, Heather, you raised your hand completely first. So please if you would like to weigh in, that'd be great.

Heather (00:59:56):

I was more just going to add context around the seven hour USPAP class that is completely separate from the USPAP versioning that comes out now in an indefinite amount of time. Every two years, they will continue to update the seven hour USPAP course and this'll be the first year that you actually see USPAP separated out, the publications separated out into two parts where there's now a user manual that includes the FAQs and the advisory, opinions and that portion of the USPAP publication. And that's really because that'll allow the board to update and provide additional guidance and illustration without having to do another publication of USPAP if changes to USPAP are warranted.

(01:00:49):

So I hope that helps clarify. You'll still be required to take the seven hour USPAP course that will be updated every two years. And so that was my... I know I have a minute, 57. The only thing that I would add to that, not to that specifically, but you had mentioned that demonstration appraisal reports are allowed and that the department is not the intended user or the intended use of a demonstration appraisal. And I would just ask that if the board is not the intended user in use, then who is? Because it does have replications in USPAP as far as even what form should be used because in the 1004 traditional form for mortgage lending, you can't actually use that unless the intended use and users for mortgage financing. So I think knowing that trainees are new to the industry, we might want to provide a little bit more guidance around what the expectation is if they are going to produce a demonstration report since that's part of problem identification. Okay. That's it. Thank you, guys. Free to ask questions if you have any.

Scott Bethan (01:02:03):

Good. Hey. So George and Dave, if it's okay, I'm going to go to Todd next just because that was the order that I saw the hands raised and then we'll go to George and then to Dave.

Todd Redington (01:02:21):

Appreciate it. Good afternoon, Chair Biethan and the REAC commissioners. My name is Todd Redington. I'm designated appraiser of the Appraisal Institute and an ACAL board member, but please know that my comments today are my own. I'm not speaking on behalf of any organization that I'm affiliated with. HB 1110 was recently signed into law with good intentions. However, it creates a literal minefield for licensed and certified residential appraisers hereafter referred to as residential appraisers. In nearly all instances, a residential appraisal is required to include the highest and best use study of the subject property as improved. USPAP standards 2-2A12 require that when an opinion of highest and best use was developed, the appraiser must state that opinion and summarize the support and rationale for that decision.

(01:03:05):

Now, HB 1110 Section 3.1 requires cities with populations greater than 75,000 to incorporate their planning and zoning guidelines accordingly, subsection B2, the development of at least six units per lot on all lots zoned predominantly for residential within one quarter mile walking distance of a major transit stop, and subsection B3, the development of at least six units per lot on all lots zoned predominantly for residential use if at least two units are affordable housing, meaning that with some exceptions, every residential appraisal being performed in the City of Seattle will require the appraiser to perform a highest and best use analysis that includes the consideration of the subject property being redeveloped with more than four units. Per the four tests of highest and best use, consideration means that a value must be established for at least six units as part of the test for maximum productivity and per standards 2-2, the appraiser must comment and support a decision that includes a commercial valuation.

(01:04:09):

A residential appraiser is restricted to one to four unit properties. Valuation of more than four units requires a certified general license. The education, training and experience standards for the residential

credentials do not include the valuation of commercial properties. Therefore, unless a residential appraiser is working towards a certified general license with a supervisor, the vast majority will not have the education or training to perform a highest and best use analysis on nearly any residential property within the City of Seattle and be able to comply with standards rule 2-2 after HB 1110 is implemented. Also, if a residential appraiser accepts and completes an assignment without adequately developing the highest and best use analysis and complying with USPAP 2-2, it is likely the appraiser has also violated USPAP competency rule by accepting the assignment. This could very possibly decimate not only the residential appraisal industry but create huge delays in obtaining appraisals which can only be completed by certified general appraisers who typically do not perform residential appraisals as part of their business.

(01:05:08):

I strongly encourage the commission to immediately begin investigation into the situation and come up with guidance to residential appraisers as to how they can comply with the established appraisal laws of Washington when these changes of the planning and development code are adopted. One such determination would be whether or not a certified general appraiser would need to sign every residential appraisal requiring a highest and best use analysis that includes commercial valuation procedures, which again would be very narrowly every property. Thank you for giving me the couple extra seconds. I appreciate it.

Scott Bethan (01:05:36):

Oh, yeah. No. Okay. I'm not going to comment on this, but I'm going to say a couple of things. We're always welcome to take input prior to the meeting, especially with complex issues and then also... And we'll talk about things that are going to refer after the public comments are done. But thank you very much. That was a lot of information, but very interesting and relevant. So good. Good, good, good. I'm going to go to... I guess George, I think I said you were next if I'm not mistaken. George Nervik.

George Nervik (01:06:23):

Okay. Can you hear me?

Scott Bethan (01:06:24):

Yes.

George Nervik (01:06:26):

First of all, I want to state that I agree with everything Todd just said. And my big question would be this 500 word written response. You can't put adequate information together and complete a response in writing to that in 500 words. That 500 word response should be tossed out. Secondly, with regards to what you guys were speaking about previously with these unsigned complaints coming in from Fannie Mae, I will caution the Department of Licensing that that's a violation of constitutional rights. A person has a right to know and face their accuser and we can't face an accuser unless we know who they are and that includes them signing their accusation.

(01:07:25):

Third, and this is the reason I attended today, I've approached the Real Estate Appraiser Commission about this before and thus far nothing has happened. And this has to do with hybrid appraisals. It's already in our state laws that appraisers have to associate with licensed or registered people and that anybody contributing to a report must be mentioned by name in the report along with their license or registration number. Doing anything different is a violation of state law. That is already on the books and appraisers have been prosecuted for not using licensed people, licensed, certified or registered people.

(01:08:29):

That being said, what the state is now allowing to happen is unlicensed people, and that's putting it politely. These people have no background checks, no professional training, nothing, and could in fact be convicted felons. They're being sent out to poor, unsuspecting homeowners to go through their houses, walk through their bedrooms, take pictures of everything, what I would call casing the place. And if the State of Washington doesn't cure this problem immediately, I want this on record so that the state can be held liable for it. And I will be following this up with a document that is more than 500 words that will be going to the governor and to the attorney general and to the Department of Licensing and the Department of Agriculture, because they actually have people that go out and inspect houses as well. If the REAC board chooses to ignore it because it's going to be more than 500 words and have countless pages of attachments, I can't help that. And that's it. Thank you.

Scott Bethan (01:09:50):

Okay. All right. Thank you very much. And we will be talking about each of these when we go to the action, setting the future business. Okay. Thanks, George. Dave, looks like you're up next. Dave Towne.

Dave Towne (01:10:09):

Good afternoon, commissioners. Thank you very much. Can you hear me all right on my microphone here?

Scott Bethan (01:10:13):

Yep.

Dave Towne (01:10:14):

I'm not on camera. I want to make a suggestion to the staff for when the agenda for these meetings is prepared that the list of commissioners that are currently in place for our organization be included on the roll call line item number two on the agenda, first initial, last name or even full name spelled out with a little underscore line next to the name or a box or whatever you want to do. That will facilitate those of us who sit through these meetings to know who actually attended the meeting without having to write down names that we can't always hear when those are being presented by the staff at the start of the meeting. So if you could please consider doing that, that would be helpful.

(01:11:06):

I want to tie into what Heather said as far as the USPAP update classes. I think what she said was they'll be updated every two years. I would concur with that. What I sense is going to happen is if there is no

change to USPAP after the two year period of time, and maybe it goes four and a half years or whatever, I think what's going to happen is they're going to develop a different update class in each of the two year periods. And maybe Heather can add on to that, but they're not going to make us take the same two year update class, seven hour update class, twice in a row. That's codified that we can't do that. So that's how I think that's going to be handled.

(01:11:57):

And I just want to add on to George's comment. Yes, I am not in favor of having allegations be turned in without knowing who the allegation came from. These form letters coming in from the governmental, I should say it this way, quasi-governmental agencies, and being accepted as a formal complaint, that has to end. We may need to establish a new RCW to be put into place that says any formal complaint for any board and commission has to be signed by the person that's submitting it. So those are my comments today. And I appreciate the time. Thank you,

Scott Bethan (01:12:34):

Dave, thanks very much. Okay. Dallas Kiedrowski.

Dallas Kiedrowski (01:12:44):

Okay. Thank you, Chair Biethan and Vice Chair Elston and the commissioners. Wanted to thank you guys for helping me today, giving the chance to speak. My name's Dallas Kiedrowski. I also want to say I'm representing myself. I'm amongst several boards and commissions and work for the Jefferson County Assessor, but any of the comments I make or opinions I express are solely my own and shouldn't be interpreted as positions for any of the organizations or companies I'm associated with.

(01:13:12):

Today I want to talk about the same thing I think I've brought up several times with the composition of the commission. According to RCW 18.140.230, the commission is established with the purpose of including representatives from all segments of the appraisal industry. However, even before the department chair of Heather Sullivan, the composition of the commission fell short of meeting all 10 statutory requirements of that RCW. It's crucial to recognize that the original intent of the law was to establish a proactive body that encompasses the diverse perspectives of the entire appraisal industry. Unfortunately, due the commission's incomplete representation, it appears that the commission is often in a reactive position, unable to fully embody the intended purpose of the commission.

(01:13:54):

As before, I urge the commission to review the current composition and take necessary steps to rectify the deviations from the statutory requirements. By doing so, we can promote a more proactive and inclusive commission that truly represents the breadth and depth of the appraiser industry. And I think this is kind of demonstrated by a lot of the issues currently going on are latest residential appraisal. [inaudible 01:14:16] discussions of, I think, George's comments regarding the property data collectors, those kinds of things, the licensing issues. A lot of these things are all related to residential appraisers mostly. And I think especially with Heather's departure, losing a lot of that knowledge about that industry I think is definitely a part of that.

(01:14:40):

A couple of the questions I wanted to address at the end here is does license count? I don't think that includes mass appraisers. Mass appraisers are accredited by the DOR and I don't think that those are included in the license count, but I just wanted to kind of verify that. And then the LISTSERV announcement that was sent out regarding the composition of the commission said that the person has to be licensed for two years-

PART 3 OF 4 ENDS [01:15:04]

Dallas Kiedrowski (01:15:00):

It said that the person has to be licensed for two years. So if we can get some clarification, I know Sandy said earlier that it's 10 years and I think that's what the RCW says. So the listserv announcement that went out to everybody said two years. So I think that should be clarified and I think that would be helpful. Thank you so much, again, for your time today, and I appreciate everything you guys do.

Scott Bethan (01:15:21):

Thanks, Dallas. I won't address any particular comment. I do know that if somebody on the staff has found that, let's say something goes out in Dallas, I'm not going to put a conversation, but I'm just going to say this and just in general. When my appraisals are perfect, I will be the first person to point fingers. And we know that the requirement is 10 years. And so if there's any confusion around that, I'll say again, when my appraisals get perfect, I will be the first person to get upset, and I know it's frustrating. So I think hopefully I haven't got [inaudible 01:16:06] any open meetings things here in Dallas. I understand your comments, I really do, and I really appreciate your input. So I think I'm just going to move on and go to Kathy Walsh. But thank you Dallas as always, I really do appreciate your input and everybody's input for that matter. Kathy, up to you.

Kathy Walsh (01:16:27):

Okay, got it working. Good afternoon Chair Bethan and be at commissioners. My name is Kathy Walsh and I represent the Appraises Coalition Board of Directors. I was going to thank you for reading the letter that we sent out on Saturday to the board, but I guess it didn't arrive in time. But we sent out that letter. We also submitted a letter with an extensive study to the commission on March 30th. These were both regarding Fannie Mae and the value acceptance program, which uses unlicensed third party property data collectors, PDCs. As you're aware, it appears that the use of unlicensed PDCs violates Washington State law, in particular RCW 18140, the Real Estate Appraiser Act. Very simply, this is the problem. The RCW definition of an appraisal cites an act or process pertaining to appraising and related functions. The scope of work defined by Fannie Mae for the PDC requires the person to analyze and report the condition and quality of the property being inspected.

(01:17:32):

Based on the RCWs, this is an act of the appraisal process, and a person who is not certified, licensed, or registered cannot perform this or receive compensation. Both letters have an extensive study that explains this in a lot of detail, but it's generally felt that this program puts borrowers at risk if inaccurate

information is collected from their properties due to the lack of a qualified personnel performing inspections under the state's standards and laws. We all recall the recent news regarding a convicted felon that was hired as a property data collector by one of the largest appraisal management companies despite his criminal background.

(01:18:15):

The National Association of Realtors is also at odds with unlicensed people having access to their listings. There's some news about that now too. Also of concern is the effect on the appraisal profession, specifically the training appraisers. In a letter from the Appraisal Institute to the Federal Housing Finance Agency, the Appraisal Institute stated that the program is creating an alternate workforce that may negatively affect aspiring appraiser's ability to enter the valuation profession. I ask that you address these concerns to the Apprentice Coalition. Thanks very much for the time.

Scott Bethan (01:19:00):

Thank you, Kathy. Okay. Are there any other comments from the public? Okay. So seeing no others, I think we're going to go ahead and close the public comments, but now we're going to have a... Sorry about that. So we're going to be... And I'm forgetting, I'm sorry about this, Sandy because I'm going to double check. Should we do the follow-up now or would you rather wait? Do you need to wait until the request for agenda items?

Sandy (01:19:44):

We'll go ahead and move on to the announcements first, and then we'll do requests for future agenda items, which will be the actions you would like me to take based on public comments.

Scott Bethan (01:19:58):

Gotcha. Sorry about that everybody. We've been trying to work through what's the best way to address the order and make sure we cover everything. Okay, good. I guess I am starting on the announcements, correct?

Sandy (01:20:09):

Correct.

Scott Bethan (01:20:10):

Good, good. So we want to thank Cheryl Knitter for her time with things with life and also with work. She's announced that she's going to be stepping down from the commission and we're really going to miss her and we'll do more formal thanking later about that. And we also understand, we're not writing appraisals or doing appraisal services while we're in the meetings, prepping for the meetings, it is time-consuming. And sometimes things take us to different places where we have to make sure that we're attending to things both inside and outside of work, and the commission may not be at the top of that priority list and totally understand that. So I just want to say thank you. We are also announcing it here, but we're going to do a much more formal thank you at a different point, but I just wanted to make that

announcement, but also not just make the announcement cold because you add a lot to what we have done and it's much appreciated.

Cheryl (01:21:19):

Thank you for that, Scott, I appreciate the opportunity to have served on the commission, and I also appreciate your understanding my circumstances, so I have to file out a few years early. Thank you.

Scott Bethan (01:21:31):

Well, you'll be in our minds and missed, both. So I think that's all, I'm going to turn it back over to Sandy.

Sandy (01:21:42):

All right. Well, we also have a quick announcement to make. We are really excited to announce that the director has appointed Jay Sporn to serve the remainder of Heather Sullivan's term. Currently, he is a certified residential appraiser since 1994, and he currently works in the Spokane County Assessor's office. We will add an official agenda item to our next meeting to give him a proper and official welcome to the commission at that time. But in the meantime, we'd just like to congratulate him and welcome him to the commission. Back to you, Chair Bethan.

Jay Sporn (01:22:25):

Thank you.

Scott Bethan (01:22:27):

And I'm writing some notes, but were you able to talk a bit about his background or do you want to wait until the next meeting when there is a more formal announcement?

Sandy (01:22:36):

We'll make that during the formal announcement. And if he would like to say a few words at this time, he can go ahead and make a quick announcement.

Scott Bethan (01:22:45):

Yeah.

Jay Sporn (01:22:46):

Thanks, Sandy. Yeah, I'm just very thrilled and humbled to be selected to be part of the board. It looks like obviously, there's big shoes to fill. Start out by just listening and getting the hang of things, but it's been very, very interesting. One thing, it seemed like Dallas came from maybe the mass appraisal sector, and I think that's kind of been underrepresented, so I just want to let him know, I'll have his ear if he needs to say anything about that part of it. Having been in the [inaudible 01:23:19] business for 27 years and this for almost 11 now, it's a unique perspective, but thank you very much and I can't wait to get to work.

Sandy (01:23:27):

Right, thank you very much. And we'll have an official agenda item at our next meeting.

Jay Sporn (01:23:33):

Great. Thank you, Sandy.

Scott Bethan (01:23:36):

You're welcome, Jay. Looking forward to it. Good, good, good.

Sandy (01:23:41):

And that concludes the announcements for the department side.

Scott Bethan (01:23:43):

Okay. So now, we're going to talk about requests for agenda items, and we have a lot of things to at least make sure we've covered, and I believe I've taken good notes. But what I'm going to also offer is if there's something you think was missed, please feel free to send an email. We're looking to make sure at least we get that input. And so I'm going to go in the order of how we heard comments. The first one was asking the department if they were going to be considering guidance on the demonstration reports as it relates to the attended use and user, and how Heather Sullivan had mentioned the 1004 form seems like that would be... Yeah, go ahead, please.

Sandy (01:24:47):

I can definitely add that to the master direction item list for the next meeting. I can definitely research that and I'll have an answer for you at the next meeting.

Scott Bethan (01:24:58):

Gotcha. Gotcha. Okay. Okay. And then I think that, Sandy, did we get an email from Acal on the issues that Todd spoke about regarding House Bill 1110?

Sandy (01:25:23):

We have, and I'm also going to use my call a lifeline and see if Mr. Bill Dutra is still with us and see if he can talk to that a little bit.

Scott Bethan (01:25:36):

Do we talk to it or do we just refer? You guys get to pick, you're the ones. You know what I mean?

Sandy (01:25:40):

You're absolutely correct. You're absolutely correct. We did receive that and we will have a report out on that at the next meeting.

Scott Bethan (01:25:46):

Okay. Okay. I'm not trying to stifle the discussion.

Sandy (01:25:51):

No, no, you're absolutely correct. You're absolutely correct, thank you.

Scott Bethan (01:25:55):

Yep. And just on this topic, if somebody has important information that's more than 500 words, we're going to have a discussion offline about that because I truly understand the 1, 3 minute, and I might just ask a question about the length of information because some topics have moving parts.

Sandy (01:26:23):

Absolutely, if someone sends an email that has more than 500 words, we'll still read it. We just don't want to have a war and peace sized email to read. 500 words is just the guideline. If there's more than 500 words, we'll still receive it and read it.

Scott Bethan (01:26:43):

Thank you for that answer. That was good. Just adding the commission members' names to the agenda, that seems like a fairly... Unless there's some guidelines why you wouldn't do that, maybe I could ask you to report back at the next meeting.

Sandy (01:27:06):

We can absolutely do that.

Scott Bethan (01:27:09):

Yep. I believe we have asked and answered the question, and I'm looking to the board now, the commission to ask if there's any input. But we heard some information from Ms. Sullivan about how they're trying to look at USPAP and the USPAP updates, but also without a change in the law, I'm not sure what we can do differently. And it seems like that question was asked here, and I think we might at least put that on the action items list to make sure that we can-

Sandy (01:27:54):

We can actually add that to the agenda for the next meeting so that the commission has an opportunity to discuss it.

Scott Bethan (01:28:02):

Yep. And if you're one of the stakeholders who's on this call or anybody else, please feel free to send in any comments so that we have that in advance of the meeting, and then we can have that as a relevant part of the discussion. Good.

Sandy (01:28:17):

So we'll add that to the agenda for the next meeting.

Scott Bethan (01:28:19):

Okay. And it was mentioned twice about the signed versus the unsigned complaints, and I think that would be... I'm the one bringing these up and just saying to Sandy, so if anybody in the commission doesn't think we should be doing this, please feel free to say no. What I'm trying to do is get everything that was brought up that in the past we might've discussed back and forth. And what I really want to do is make sure we capture those comments and then have answers back. And I guess what I would say is the signed versus unsigned complaints. There's some fairly strong language around that. I heard that we had something from Acal around that as well in a written format, if I'm not mistaken. But I would say that that's something I think we should put on, unless I'm just overthinking this.

Sandy (01:29:17):

If you'd like, I can add that to the agenda for the next meeting as well so it can be discussed.

Scott Bethan (01:29:22):

Yep. Yep. Yep. I think I've covered everything, and if I've missed anything, Dave, I've got your notes, but again, send a quick email because we want to make sure we're covering all the things that were brought up.

Speaker 3 (01:29:38):

The PDC issue was the only thing I think you're missing.

Scott Bethan (01:29:44):

Yeah. And I had that under Kathy, but we'll talk about that too. But yeah, you're right. So rather than say who said it, yeah, the whole thing about the third party PDCs, that's something we probably want to have on the next agenda.

Sandy (01:30:03):

All right, we'll add that to the agenda for the next meeting as well. We'll have a nice full agenda.

Scott Bethan (01:30:07):

I think we're going to have a full agenda next time, but it's not a bad thing.

Sandy (01:30:12):

It's important.

Scott Bethan (01:30:14):

Yep. Yep. We've talked about the 500 word responses, and then significant professional assistance, hybrid appraisals, and I think that's related to PDC. And George, if it isn't covered on PDCs, flip a quick email if that's okay.

Sandy (01:30:14):

Right, thank you very much.

Scott Bethan (01:30:42):

Okay. Is there anything else that any of you all heard that I haven't covered? And again, I'm trying to take notes and make sure I'm covering all of the various points. Is there anything else that you guys are like, "Wait a minute, that wasn't brought up and I don't think I heard that refer to the next agenda or staff for further research?"

Dallas Kiedrowski (01:31:18):

Scott, I think you got them.

Scott Bethan (01:31:21):

Okay. Okay. And I will say, because we're trying something a little bit different here, please send emails, honestly, and in the next time. If you think we've missed anything, bring it up during the public comments. It's important that we listen to everybody. And so we're trying to thread that needle with that, and then the whole open meeting's thing. So the work of the commission sometimes is really boring, but it's really essential and really important. And so I appreciate all the public commentary on everything. Good. I don't have anything else on agenda items or staff follow up.

Sandy (01:32:01):

Now, what we'll do is we'll have item 10.3, and we'll just have Sandra review back everything that we captured just to make sure we captured everything correctly as well.

Scott Bethan (01:32:18):

Yep.

Sandra (01:32:19):

Yeah, so I know I missed one of the agenda items that you read back, and I maybe have worded them differently but earlier in the meeting, I took note of the pre AQV update, do a follow-up to that. I think that encompasses a few. And then recognition of Cheryl Knitter and welcoming of Jay Sporn. Had a report out on Acal regarding House Bill 1110, discussed whether complaints should be allowed to be submitted without a signature. And I think this is where I missed one of the things that you mentioned. Have I skipped one of your list?

Scott Bethan (01:32:56):

Okay, so we've got House Bill 1110, we've got the 1004 traditional form and guidance on demonstration reports. Yep.

Sandra (01:33:10):

Okay, and then the third party PDCs.

Scott Bethan (01:33:13):

Yep.

Sandra (01:33:14):

Anything else?

Sandy (01:33:17):

Yes, there was one other thing. We were going to send out that website list for the Fannie Mae information from Chair Bethan on listserv.

Sandra (01:33:27):

Okay, so I have that on the listserv rather than the future agenda item... Excuse me, on action items. So action items that I have, I have staff to find out whether the state requires licensees to take USPAP every renewal cycle now that there is no expiration date, which will be followed under that agenda item, but it's a specific action related to that. Staff to send out via listserv, an appraiser quality monitoring. And then I have note to touch base with Chari Bethan for more information. Staff to get further clarification on demonstration reports based on Heather comments, which again, will be on the agenda. And then staff to research, will the department consider guidance on demonstration reports.

Scott Bethan (01:34:07):

Okay, so there's a couple of things here. So making sure that we get all of the Acal letters and the ones that were sent within the proper timeframe sent. But anything we've got, because I think we want to make sure we get that. Other thing, and I was remiss, we're going to want to provide an answer to the commission compliance, that was what Dallas had brought up. And also clarification on license counts about whether or not mass appraisers are included in that.

Sandra (01:34:35):

Okay.

Scott Bethan (01:34:38):

So those are two extra things that we didn't discuss. So we've got 1110, we've got 1004, and basically just demonstration reports being used for experience and how that relates to the intended use and user. And third party PDC, Acal, 500 word response was dealt with, unsigned complaints, high bid appraisals. Okay.

Speaker 4 (01:35:07):

One other item, did I miss this? We're going to have now another commission position to fill.

Scott Bethan (01:35:14):

Yes.

Speaker 4 (01:35:20):

I don't know how many had applied previously who were considered or interviewed. Is it possible we pick up, maybe look at one of those or do we have to go through the whole process all over again?

Scott Bethan (01:35:34):

I don't think-

Sandy (01:35:37):

We still consider this recruitment open, so we will continue.

Speaker 4 (01:35:44):

Okay. Thank you.

Scott Bethan (01:35:46):

Yeah. I think the information just came just recently. So part of that is I think staff's got to figure out what's their process and I think I heard that answer. Yeah, I don't think they know. Unless you want to say exactly what you're doing right now, even if you haven't talked to anybody, that I doubt that. But yeah, we're hoping to get that filled as soon as possible.

Sandy (01:36:09):

Correct.

Scott Bethan (01:36:10):

Yeah. Yeah. Good. Good. All right. So we've viewed the action items, we've done the request for agenda items. Before we call for adjournment, are there any other items that need to be followed up on? Any other items before the commission? Anything that we have not done and we need to do? Good?

Dallas Kiedrowski (01:36:37):

We're done, I move to adjourn.

Speaker 4 (01:36:40):

Second.

Scott Bethan (01:36:43):

Okay. All in favor? I presume no opposed, but no opposed. All right. Hey, thanks everybody. We're trying to do a little bit different, we really appreciate everyone being patient and understanding.

Speaker 4 (01:36:43):

Thank you.

Dallas Kiedrowski (01:36:43):

Thanks Scott.

Scott Bethan (01:36:43):

Okay.

Dallas Kiedrowski (01:36:43):

Great job.

Scott Bethan (01:36:43):

Bye everybody.

Dallas Kiedrowski (01:36:43):

Bye.

Sandy (01:37:03):

Thank you all. Have a great afternoon.

Dallas Kiedrowski (01:37:05):

Yep.

Sandy (01:37:06):

And we can stop recording.

Speaker 5 (01:37:09):

Thanks Scott, bye.

Scott Bethan (01:37:10):

Okay, thank you. Bye-bye. All right, thanks everybody.

Speaker 6 (01:37:15):

Thank you.

PART 4 OF 4 ENDS [01:37:16]