

Washington State Real Estate Appraiser Commission meeting transcript – July 13, 2023

Scott Biethan (00:00:03):

I know we're going to do a roll call, but are all the commissioners on to your knowledge?

Sandy Bauer (00:00:07):

Yes, everyone has logged in.

Scott Biethan (00:00:09):

Perfect. All right, so I think we'll just go ahead and get started then. Good morning. I'm Scott Biethan, chair of the Real Estate Appraiser Commission. It is now 10 o'clock on Thursday, A.M. Thursday, July 13th, 2023. So I'm going to go ahead and call the meeting to order. The meeting is open to the public.

(00:00:31):

We will take time at the end of the meeting for a brief comment period. We ask participants to please keep it to three minutes. And as a reminder, commissioners, we won't be engaging during that time. We'll have discussion afterwards and then we'll take action items after that. So at this time, Sandra, do you mind doing a roll call?

Sandra Schaeffer (00:00:51):

Yes, and just a reminder to participants to mute if you are not currently talking. Especially with the call-in, there is a mute function of star six that you can dial on your phone or you can mute using the mute button. You'll have to do whichever option that you did. So if you star six to mute, you'll have to do that again in order for us to be able to hear you. And so let me go ahead and roll call. Chair Biethan?

Scott Biethan (00:01:29):

Present.

Sandra Schaeffer (00:01:30):

Vice Chair Elston?

Claire Elston (00:01:33):

Here.

Sandra Schaeffer (00:01:34):

Commissioner Sidor?

Stan Sidor (00:01:35):

Here.

Sandra Schaeffer (00:01:37):

Commissioner Palmer?

Brent Palmer (00:01:39):

Present.

Sandra Schaeffer (00:01:40):

Commissioner Potter?

Dean Potter (00:01:42):

Present.

Sandra Schaeffer (00:01:43):

Commissioner Sporn?

Jay Sporn (00:01:44):

Present.

Sandra Schaeffer (00:01:46):

And Commissioner Stephens?

Denise Stephens (00:01:48):

Present.

Sandra Schaeffer (00:01:49):

Perfect. Sounds like everybody's here. And back to you, Chair Biethan.

Scott Biethan (00:01:52):

Great, thank you. The minutes from the previous meeting have been circulated and I would first ask if any changes, corrections or additions, and if not, call for a motion to... I'm sorry. Yeah, the minutes. Sorry. Sorry, guys.

Brent Palmer (00:02:15):

The agenda?

Scott Biethan (00:02:16):

Busy morning already. Let's approve the agenda. Looking for a motion to approve the agenda?

Dean Potter (00:02:26):

So moved.

Brent Palmer (00:02:26):

Second.

Scott Biethan (00:02:28):

All in favor?

Dean Potter (00:02:31):

Aye.

Brent Palmer (00:02:31):

Aye.

Scott Biethan (00:02:32):

Then opposed? Motion carries. Now we'll move on to the minutes. I'm glad I caught myself because I know that Commissioner Palmer was getting ready to say, "Mr. Biethan, would you like to approve the minutes like he did in the last meeting?"

Brent Palmer (00:02:44):

You're right.

Scott Biethan (00:02:46):

Yep. Yep. Anyway, so the minutes have been distributed and if there are any changes, corrections or additions, let us know. Otherwise, looking for a motion to approve the minutes from the May 18th, 2023 meeting.

Stan Sidor (00:03:06):

Aye. So moved. Commissioner Sidor.

Dean Potter (00:03:10):

Second. Commissioner Potter.

Scott Biethan (00:03:13):

All in favor?

Stan Sidor (00:03:15):

Aye.

Jay Sporn (00:03:15):

Aye.

Dean Potter (00:03:16):

Aye.

Scott Biethan (00:03:17):

None opposed, motion carries. Thank you. All right, it's with some appreciation and sadness that we're going to... Sandy, I presume I'm turning this over to you, but I have a couple words after you go. How does that sound?

Sandy Bauer (00:03:37):

That sounds great. We would really like to thank Commissioner Knittle for her service on the commission. We've really appreciated the expertise that she's brought to the board and the knowledge base that she's brought. She will be very much missed and we wish her nothing but the best that she moves on to focus on her family and career. At this time, I'd like to open the floor for other commissioners who would like to extend their farewells to her.

Scott Biethan (00:04:10):

I'll just start by saying I really appreciate all of us on the commission and Sherry in particular, and you're going to be missed and we have appreciated all what you've done and the help you've given me, just kind of getting started. So anyone else, feel free to weigh in.

Dean Potter (00:04:31):

Yeah, I'll... This is Commissioner Potter. And Sheryl, I appreciate what you did by joining the commission. You added a lot to it. I'm sorry you had to resign and like everyone says, you'll be missed. I appreciate very much the contribution you made. Thank you very much.

Scott Biethan (00:04:51):

Go ahead.

Brent Palmer (00:04:52):

Commissioner Palmer. Ditto.

Stan Sidor (00:04:58):

And Commissioner Sidor.

Scott Biethan (00:05:00):

Think it's safe to say we're all going to miss you, Sherry. So... Good. All right. I am going to pause before I move on and then let's go ahead and go into the next, I think really exciting news. Sandy?

Sandy Bauer (00:05:27):

Exactly. This is really exciting. With Commissioner Knittle's resignation, we had two vacancies on the board. We would like to welcome two new commissioners. We're so excited to welcome Jay Sporn and Denise Stephens. Commissioner Sporn serves as the assistant residential appraisal supervisor for the Spokane County Assessor's Office. He's been a certified residential appraiser since 1994 and has over 10 years experience working in the mass appraisal industry. He has extensive knowledge and experience and he's going to bring that to this commission and we are so excited to welcome him.

(00:06:14):

Commissioner Stephens serves as the residential appraiser for the Kitsap County Assessor's Office and has been a certified residential appraiser since 2004. She has over 16 years of experience working in the mass appraisal industry. And in addition to that, she has extensive experience working with the International Association of Assessing Officers or IAAO, and has had several different positions within that board. So she comes to us with a lot of boarding commission type of experience in addition to her mass appraisal experience. So we'd like to extend a big welcome to Commissioners Sporn and Stephens.

Jay Sporn (00:06:58):

Thank you.

Denise Stephens (00:06:59):

Thank you.

Scott Biethan (00:07:04):

Yeah. I feel like we're rounding ourselves out now and it's really exciting to have folks both from a mass appraisal background but also more residential experts. And so that's going to be really, really helpful because we've got... As you'll see in the agenda, and you probably already know and you've seen, and we've got a lot of matters that are in front of the commission that really speak to what's happening in the residential side of the appraisal profession. And I think this is going to be really helpful. So I just can't say how glad I'm and excited, so... All right. I think we're going to move in to old business and it looks like we have got Practical Applications of Real Estate Appraisers, PAREA, and turn it back to you, Sandy.

Sandy Bauer (00:08:00):

Great, thank you very much, Chair Biethan. As you know, this is an ongoing agenda item and I'm really excited to announce that the appraisals rulemaking team that was working on the PAREA and AQB updates is now combining our efforts with the specialty team assigned to implement House Bill 1797.

(00:08:22):

In particular, we'll be focusing our efforts on the education requirements of the previous bill, with language that requires appraisers and trainees to adhere to the non-discrimination and fair housing provisions. So with that, we're also going to incorporate the updates for the AQB standards language and incorporating the PAREA language as well. So we'll keep you informed on our progress on that front.

Scott Biethan (00:08:48):

Okay. Okay. Any other updates regarding PAREA?

Stan Sidor (00:08:57):

Do we have an estimate... This is Commissioner Sidor. Do we have an estimated time of when everything's going to take effect or?

Sandy Bauer (00:09:07):

We are really hoping that this will all be taking effect by the end of the year, beginning of next year. But we'll 100% keep you informed on what the progress is, because now we have two teams working on the similar front. Excellent.

Stan Sidor (00:09:23):

Thank you.

Scott Biethan (00:09:24):

Okay. And the agenda here has an update regarding PAREA survey data. Is that something that we have additional data on that we're going to address? I have not asked you this question and so I've made an assumption, but now I'm going to ask the question.

Sandy Bauer (00:09:43):

That's a very great question. I had prepared to insert the survey data, but I did not get it into the packet in time. My apologies. So I can email that data out to the commissioners and we can put it on the agenda for our next meeting for discussion. I apologize, I just didn't get it into the packet fast enough.

Scott Biethan (00:10:07):

No, no, you guys do a great job. I got to tell you, I'm very, very grateful for staff. Are there any other questions from the commissioners on the topic of PAREA?

(00:10:25):

Okay, seeing none. And we'll see some survey data next time and get an update on the next meeting, I presume. So we're going to move into new business, presuming there's no other old business that I've missed or that we've missed, but I don't think so. But let me pause for a moment. Okay, we're going to

move into new business. And 7.1 is House Bill 1110, and I need to say to the commissioners, but also I'm going to say this in the public meeting because I'm kind of a... Hopefully I try to be as upfront as I can.

(00:10:58):

I received two emails and they were rather lengthy and highly informative and it was from Bob Masudo and then another one from Todd Reddington and there were other recipients, and I need to say that I sent that email out to the rest of... Well, I sent it to Sandy, asking her to send it out to the rest of the commissioners, but it wasn't until just before the meeting and I would ask... And that's on me.

(00:11:23):

The emails did come to me and anything I normally get, I normally just shoot them straight to staff. However, I was traveling at the time, but I also thought they had gone to staff and then I went back and I was looking at them, I realized they have not gone out to the commissioner, so you might not have had a chance to see them. But I want to say I always appreciate any information from folks that are trying to make sure that we're doing the right thing with the commission and for the profession.

(00:11:47):

So I would say, if you don't mind, always... If you wanted to go to the DOL, always include them too. But that's... Want to give you disclosure. We'll be talking about this topic, but also I appreciate the feedback we get from folks and that's where we're at. So with that being said, Bill Dutra is going to maybe give us a little bit of background from the DOL perspective and then we'll move into a discussion around this topic. So Bill, over to you.

Bill Dutra (00:12:25):

Thank you, sir. Good morning. Thank you. My name is Bill Dutra, I work with the Department of Licensing. So just a little brief on those that have not read House Bill 1110. This was a bill that was just passed in the legislation. The Department of Commerce is the primary agency responsible. This is to address a shortage of housing and urban growth areas. There's many concerns that were been raised that this will eliminate certain appraisers from doing certain work in these urban growth areas.

(00:13:03):

What is most concerning is counties and cities, which I believe they are required to adopt standards and rules. I believe it's by July 1st, 2025. The highest and best use of some properties if they meet one of two very specific criteria, the highest and best use for those properties would be one to six units. As we know that would cause some concerns and a change in the business practices for appraisers, obviously, due to their licensing.

(00:13:39):

The department did not participate in reviewing this bill. This was not a bill that came to the Department of Licensing. It wasn't brought to our attention of the 600, 700 bills I think we did review for our agency this last year. Our staff are taking a look at it, we are aware of it. We have asked our policy and legislation team to look at it and there's going to be some... Obviously some concerns.

(00:14:06):

However, what I think we need to remember and focus on, is that this involves the urban growth areas. Obviously we're talking about our largest counties, Pierce King and Snohomish County, to name a few. But the properties, I would also look at the definitions and be very clear on what the bill says and the requirements for a home or for a county or city to change some planning. Specific property has to meet some very, very specific criteria.

(00:14:35):

One of which I believe, and I'm not acting and I'm not discussing this as obviously as legal counsel or giving him a legal opinion, I am just reading from what is actually in the bill. One of those criteria is that on a property that I believe is the highest and best use is the sixplex. The property owner or the proposed property owner would have to dedicate two of those six units as affordable housing and file what I believe the bill says, a 50-year covenant that two of those six properties will always be affordable housing for the next 50 years.

(00:15:11):

That would be one of the criteria. The other one primary criteria is that it's near a major arterial stop, which the bill does define in those as well. So I think there's some time for people to take a look at this bill, for the industry to take a look at what they may want to propose for legislation over this next legislative session, which starts in January of 2024.

(00:15:42):

As always, the department has always reviewed proposed legislation from all of our industries that we serve, and we'll offer the same thing today. If there's proposed legislation that has come forward, we'll obviously take a look at it and see if there would be any sort of fiscal impact to the industry or the licensees. Would there be any specific questions that I might be able to answer regarding the Department of Licensing's look at this particular bill?

Stan Sidor (00:16:14):

This is Commissioner Sidor.

Bill Dutra (00:16:16):

Yes, sir?

Stan Sidor (00:16:16):

Has anyone reached out to the ASB on this issue? I know this is not going to affect... This is not a national issue, this is pertaining to Washington State and what our legislature did. However, this may affect and likely appears to affect at least the appraisal of some properties as to residential licensed appraisers. Has this been discussed with the ASB at all?

Bill Dutra (00:16:46):

No, I have not brought that forward. Right now I'm still working with our office of the Attorney General, our legal counsel, sort of taking a look at that. Chair Biethan brought some very... And vice chair, brought some very specific questions to our attention that we are working on right now.

(00:17:06):

There will be more information, but I can see right now that we have guests from the appraisal subcommittee who has a copy of this information, the packet. They're with us today. So you can imagine that the appraisal subcommittee is aware of this as well at this moment.

Stan Sidor (00:17:22):

Good. I would imagine that Washington State cannot in and of itself change the standards or the rules relative to residential appraiser licensing to make some exemption for this state. I would assume this would have to come out through the ASB or AQB.

Bill Dutra (00:17:45):

Those will be conversations that we'll be having as we do a little bit more looking into this. But please remember, this was not a bill that was sponsored by the Department of Licensing. Department of Licensing was not asked to look at this bill. I understand there's probably going to be a lot of frustrations with that comment.

(00:18:03):

However, the department looks at legislation that is brought to us by lobbyists, stakeholders, licensees, or a committee within the legislature. That's how we become involved in those. Again, we look at hundreds of bills that are brought to our attention.

Stan Sidor (00:18:21):

I'm not blaming the DOL, I'm not accusing-

Bill Dutra (00:18:23):

Oh, I understand.

Stan Sidor (00:18:24):

... Of anything, I'm just curious.

Bill Dutra (00:18:26):

You bet. No, I appreciate the question, Commissioner Sidor.

Scott Biethan (00:18:30):

No, I think it kind of goes to what can we control in our purview and what can't we control in our purview. And I'm hearing, Bill, what you're... Totally with you on this. If the department didn't have a chance to review the information, they can't comment.

(00:18:56):

Now, then, the question is, what can we do as a commission? And Commissioner Sidor, it's a really good point. At least raising the question to the ASB and or the ASC or that that might be one way to go. Another way to go is we can't do anything about legislation, but we can offer our thoughts, guidance. I mean, I'm not a legislator, I'm not somebody who does the rulemaking, but we can certainly raise...

(00:19:29):

One other potential is to raise this issue as something that we see as a real problem for the stakeholders. And while we may not have a specific solution, we would urge our legislators to make sure that we not inadvertently unattended consequences harmed the profession.

Claire Elston (00:19:53):

This is Commissioner Elston. I want to thank you, Bill, for the work you're doing to try to figure this out a little bit. And I just want to make sure I understood something correctly, that this isn't going to take effect for two years, July of 2025. So for a residential appraiser who's doing an appraisal in downtown Seattle right now, this is not something that is going to impact them at this moment. Is that correct?

Bill Dutra (00:20:20):

So that is my initial reading and looking at this. However, again, I cannot say that there is anything that's going to impact them. That's what I read in that bill. I'm catching up to this after the fact. So I'm still trying to go through this. That's why one of those things that I've asked, we've tasked our attorney to take a look at that, is what are some immediate impacts and effects that we should be aware of.

(00:20:48):

And these were based on some questions that Commissioner Biethan asked me to look into. And so again, this is just some basic background on 1110 today, but that's what our initial reading was. However, appraisers must... Obviously, they need to take a look at this bill as well and see how it affects their business and how they're operating.

Scott Biethan (00:21:15):

That's actually a really good question because as I think about... If you are an appraiser in the field and you're doing an assignment and you have to consider zoning, yes, you might know that there's a particular change in zoning that will be upcoming. But all of the different jurisdictions have to go through, at a minimum, a zoning change if not a comp plan change and then a zoning change.

(00:21:41):

And for those entities to do that... And there were a lot of ways they could approach it too. And I'm not going to say I'm an expert on reading 1110, and I know that there are those of you who are on this call

who have probably delved into more detail, but at the current moment in time, they haven't addressed it. These cities and jurisdictions are just getting this information and I've been on a planning commission...

(00:22:09):

I got to tell you, it moves as slow as sludge. But until that time, if you're in a jurisdiction and the zoning hasn't been put in place, even though you know it's there... I'm not offering a legal opinion, but I'm just trying to think... We do have a sense of urgency on this but until the zoning gets passed, again, I'm going to go back to the rule makers and then those that look at enforcement issues for discipline, complaints. But I think to myself... Again, I think we may have a little bit of time, and I know in the public commentary we might hear from others that might have a different opinion. Sorry, Bill, were you going to say something?

Dean Potter (00:22:56):

Yeah, I don't know if... This is Commissioner Potter. I think there's a lot more in play here. Jurisdictions could in fact pass this legislation and make it effective before this 2025 date. I think there's a provision in this bill that if they don't pass it, it becomes part of the zoning anyway. I think I read something like that and I might be wrong on that. But also, sometimes buyers, investors, developers, anticipate zoning changes and the impact on value can occur prior to the actual zoning taking effect.

(00:23:45):

So looking specifically at this date in 2025, when it's going to be effective, may or may not be true. But I think it all comes back to highest and best use too, because it becomes a situation where it has to be a value influence in the marketplace before the fact that zoning allows that in certain areas, probably people might not take advantage of it. Other areas, people may take advantage of it. So there's a lot of things in play here. But the one thing when I started reading up on this, is that I think is important to take into consideration is how... And this is basically I think what Scott has asked you to do, Bill, and that is how are you going to enforce it?

(00:24:48):

I think that's what it's going to come down to. When I taught the USAP course, people have talked about their interpretation of USAP and they would say, "Oh, and our state doesn't even do it that way." And I said, "Your state gives you your license. That's your livelihood. The way your state does it is the reality for you."

(00:25:10):

So it all comes down to how Washington State is going to look at enforcing this when a residential appraiser appraises a property like this. So I think there's a lot of different places we need to start on this, but one of the main places we need to start on is that how the Department of Licenses is going to look into enforcing this.

Bill Dutra (00:25:39):

I appreciate the comments, Commissioner Potter, and that is one of the things that we are reviewing and looking at.

Dean Potter (00:25:46):

Yeah, I knew you were.

Jay Sporn (00:25:48):

This is Commissioner Sporn. I'd like to add something. I went to a planning commission workshop and they had the Department of Commerce representatives here and they're talking, because we're coming up on our growth management plan that we have to submit to the state. And I guess that's staggered for different counties. They don't all come the same year. That's what my understanding is, and that this House Bill 1110 has to be included as part of your growth management plan that you submit to the state. So in some counties it may take effect before it does in other counties.

Scott Biethan (00:26:17):

Yeah. And by the way, I was not in any way intending to send out the message of, "Oh, we've got plenty of time, don't worry about it." It is more a matter of when [inaudible 00:26:31] their teeth attached to the lack of compliance. But as you're all pointing out, the market may recognize it. But I recognize it before it becomes official but I will say, even if you go through the GMA, which then goes to the comp plan, which then goes to zoning.

(00:26:49):

I mean, I get it. There's going to be a lot of discussion around this and... Well, there'll be a process to get it done, but I will say this. There is a sense of urgency. So if I imply that, "Oh, don't worry about it, there's no sense of urgency," that was not my intended message.

Stan Sidor (00:27:06):

This is Commissioner Sidor and I kind of want to echo what Commissioner Potter was referring to in that anytime you're appraising a property, an appraiser from highest to best case standpoint, needs to consider whether a change in zoning is likely. You can say, "Hey, the property is not currently zoned for this, but is it potentially likely that this could happen?" And that's something that's going to have to be taken into consideration and looked at.

Scott Biethan (00:27:39):

Yeah. By the way, there is a hand up and I know it's frustrating. We'll have comment time when it comes time for the public commentary. And so we're not ignoring you, it's just the process we're adhering to. So we make sure we kind of comply with the Open Meetings Act and the process of the agenda. So I want to just kind of say thanks for your input and sorry, you'll have to wait. So what other discussion do we have on this? And commissioners, obviously at some point we'd like to ask, "What action do we want to take? What action can we take and what action do we want to take?"

Stan Sidor (00:28:22):

Again, this is Commissioner Sidor. Has anybody approached the actual sponsoring legislators who introduced this bill and discussed this issue with that particular legislator and said, "Hey, can we in the next session get an amendment introduced on this?"

Scott Biethan (00:28:49):

What was the last part?

Stan Sidor (00:28:53):

The legislator who introduced this bill may not have been aware of or even thought about any issue that pertains to appraisers. They're just focused on housing and how can they help communities with their housing issues and affordability housing. They probably weren't even thinking about any impact to how this will affect appraisers and then any effect on lending the financing for a property.

(00:29:23):

So I think it would be most critical to approach the sponsor, the original sponsoring legislator or legislators and say, "Hey, we just want to make sure you're aware of this and this may be an unintended consequence, and is there anything you can do to consider looking at introducing some amending legislation on this?" And I have no idea what exactly that could be or should be.

Sandy Bauer (00:29:51):

So Chair Biethan, if I could interject real quick?

Scott Biethan (00:29:55):

Absolutely.

Sandy Bauer (00:29:56):

The sponsors of this bill are listed in the header. We have provided a copy of this bill in your packet and it lists who originally sponsored that bill. So if I might suggest perhaps maybe the commissioners and or the interested of the...

Dean Potter (00:30:21):

Stakeholders.

Sandy Bauer (00:30:22):

Yeah, thank you. The interested stakeholders might want to reach out to those representatives and express their concerns and see what the legislative have to say about this.

Dean Potter (00:30:35):

Yeah. Another thought... Building on... What was that? Was that Sandra just now?

Sandy Bauer (00:30:43):

That's Sandy.

Dean Potter (00:30:44):

Sandy, okay. Okay. Another thought is that the Department of Licenses was not asked to review this legislation. I'm wondering if the real estate agents was asked to review it and if so, what their comments were as a-

PART 1 OF 4 ENDS [00:31:04]

Dean Potter (00:31:00):

... what their comments were as a way to just get more background information on how this passed with this potential unintended consequence included. And it seems to me that that would be interesting information to have. It might turn out to be meaningless, but it might also be interesting to see what their reaction was to the bill and what they thought in terms of its value to the public.

Scott Biethan (00:31:39):

And I think that process has been happening. I know that Mr. Reddington or Mr. Mossuto will be able to shed a little more light on that, and there was a reference to that in the email that got sent around earlier on that matter with the realtors. And Sandy, I'm going to go back and say the riverbanks of what we have the purview to do, we all have the rights to act as individuals.

(00:32:11):

I mean, is there anything that prevents us from saying, as a real estate commission, we would have to be in consensus in order to do so, and I don't want to speak for anybody else, but do have the ability to say, "Hey," to go back to whoever the appropriate parties are, to say, "Hey, we're concerned. We would hope that the DOL would be asked for some advisory on the effect on the profession and the public trust."

Sandy Bauer (00:32:44):

That's a great question and I'm going to turn that over to Mr. Bill Dutra.

Bill Dutra (00:32:51):

Thanks, Sandy. I appreciate that. That's a really great question. Again, what I can tell you is, the Department of Licensing will review any legislation brought forth by the industry just as we do. The department has very limited abilities and legislation that we can propose or amendments as an agency. I will do a little bit of research as an advisory board, because you're an advisory to the agency and to the director of what that looks like. Obviously individuals or stakeholder groups, they obviously have a big voice that they can use to have those conversations with those sponsors of the bill.

(00:33:39):

I believe it was Chair Bethan, you commented, wanted it, or was it Commissioner Potter, I apologize, of where that another industry was at on this. If you can go to the legislative webpage and look at and listen to the testimony and the comments that were brought forth on this bill so you can get a firsthand of what the comments were. I have not done that yet gotten a chance to look through all of that information and all the different amendments to this bill based on the public comments. So I want to offer that also if people are interested in getting some of that information. But we'll definitely look into the role of the Real Estate Appraiser Commission looking and moving forward in mass as a group.

Sandy Bauer (00:34:35):

And that's a really great point and I think to be most effective in a timely manner, I think individuals should reach out to the legislature in addition to the industry associations to reach out to those legislatures. I think that will get traction much quicker.

Claire Elston (00:35:01):

This is Commissioner Elston. Since this appears to be a fairly important issue, I appreciate, Bill, everything you've done to research, and I know you said you're going to be continuing to speak with the Attorney General about it as well. I would like to suggest that we have this as an ongoing issue, if you will, at our next meeting where a report could be given to us about the updates and new information on this.

Bill Dutra (00:35:27):

Certainly. I will definitely, if there's anything new that is coming out, we'll do that. I do have some, again, some of the same things that Commissioner Bethan, Chair Bethan, asked me to look into. I still have those issues that we're looking into that we can bring back.

Dean Potter (00:35:47):

Hey, thanks a lot Bill. We really appreciate your help on this.

Scott Biethan (00:35:51):

And I think we're going to come back to this when we do the issues that we're going to be keeping track of. I'm kind of still struggling a little bit with, we're going to have a three-month delay, and if we wanted to have some sort of a commentary from the commission, that we're going to be waiting three months to do that, and I'm kind of struggling with that. But let's for the time being, first of all, is there any other discussion from the commissioners on this? And we may come back to a couple of these points when we do the agenda setting. Okay, good. Thanks. Let's move to seven [inaudible 00:36:46].

Stan Sidor (00:36:46):

Sorry. Chair Bethan?

Scott Biethan (00:36:48):

Yep.

Stan Sidor (00:36:49):

So this is Commissioner Sedore. We serve as it was pointed out by Mr. Dutra as a commission to provide guidance and support to, or suggestions to, the director of licensing. It would seem to me not an unreasonable course of action for the commission to as a commission if there is a consensus to do so, draft a letter of something to the director of licensing that brings up this issue and highlights it for the director, I'd assume the director's already aware of this, but maybe not, but just let the director know what our concerns and our position on this is. That's all I've got to say on it.

Scott Biethan (00:37:44):

Yeah. Other commissioners?

Sandy Bauer (00:37:46):

I see Deborah Allen-Ba has her hand up. Perhaps she has some alternate ideas for us.

Scott Biethan (00:37:53):

Please.

Deborah Allen-Ba (00:37:57):

Sorry. Thank you. Good afternoon. In response to Commissioner Sedore's statement, that is definitely a way that our boards and commissions have interacted with the agency in the past is to go ahead and create some advice to our director. Typically, that will be a letter that we will share. A lot of times the best leverage that we get in response to anything in the legislative realm is through our policy and legislative unit. And they are well aware that this is getting some traction from the industry. So if you have something that you wanted to share your insights and your thoughts on this, that would be a perfect opportunity. So you can put something in writing and then we would be happy to share that forward.

Scott Biethan (00:38:54):

Okay. I asked a question earlier and I thought that the answer that I heard was we'll get back to you on whether or not it's within our purview. And I have to be honest with you, I was trying to just pull up the website just to make sure I was looking exactly at the riverbank of what our purview is. But Deb, I think you just that question. So back to Commissioner Sedore, who has made a suggestion, that do we want to as a commission have some written commentary that goes back into the DOL at whatever appropriate channel? And make it in such a way that we're respectfully asking them to look into these issues because there is a fairly potential downside to what's happened. If I can stay on 7.1 for a little bit and then just get the feedback from the rest of the commission.

Deborah Allen-Ba (00:39:53):

And Chair Bethan, just as a reminder too, the difficulty when reaching out to the legislature as a board or commission member is that that fine line between lobbying becomes very... it's a tight rope to walk. And so if you are providing your advice to the Department of Licensing, that keeps you out of hot water.

That is for the department to determine how we will use that. Otherwise, we run into you needing to register to actually lobby. I know we went over that during some of our trainings, our board trainings, and I just wanted to remind you of that.

Dean Potter (00:40:39):

Hey, Scott, or Commissioner Bethan, I think one of the things that we got to incorporate into any type of communication is where the rubber meets the road on this is a lender can't find an appraiser to do an appraisal and they can't make a loan so their bank can make some money. So this is probably the pinch point where it's going to get somebody's attention that has the political power to get some movement on this. So I think we want to definitely make sure any commentary we send forth on this, we include that it's going to invariably end up creating a shortage of appraisers for those types of properties in terms of bank loans.

Scott Biethan (00:41:41):

Other commissioners? Okay. We can't do anything if we don't take action. At the moment in time, if we leave this topic and don't come back to it, then we can comment as individuals but not as a commission. And I guess the question that I'm asking is do we want to have a response as a commission? And I heard from Commissioner Sedore, and I'm going to ask the rest of the group, is this something we want to hold off on until the next meeting? Is this something we want to take action on at this meeting? Or is this something we don't want to do? And that's really kind of where I'm at because there's been a lot of commentary from public stakeholders. And I think there's a lot of emotion around this because it goes to livelihood. And I guess I'm now asking the commission, because I don't want to drive anything on my own personal agenda, this is up to us as a group. So I'm going to put the question back out there and then I'm going to ask for feedback or we can move on or make a motion.

Sandy Bauer (00:43:02):

Bill has his hand up and he might have a good suggestion for you, Chair Bethan.

Scott Biethan (00:43:06):

Sorry. And I keep missing the hands. Forgive me. Thanks, Bill.

Bill Dutra (00:43:10):

No problem. It is difficult.

Scott Biethan (00:43:11):

Talk to the hand.

Bill Dutra (00:43:14):

I get it is difficult. So I understand the frustrations and the emotions behind this because this is directly affecting people's livelihood, which we take very seriously. One of the things that you can consider is that I'm sure that there's a lot of people in this meeting. I'm sure that there's going to be a lot of public

comments and focus on this topic. One thing that you can do is hear those public comments and that might help guide your decisions for an action item for the commission. People that want to speak about how this is going to affect them may help along where the commission would like to go.

Scott Biethan (00:43:57):

So maybe to that end, and I'm going to ask staff, if we keep 7.1 open until after the public commentary period, is there anything that I'm missing agenda wise, process wise?

Sandy Bauer (00:44:17):

We can absolutely just move on to item-

Scott Biethan (00:44:22):

7.2?

Sandy Bauer (00:44:23):

... item 7.2, and then when we go into the action items from this meeting, and you can at that time request an action item based on the public comments .

Scott Biethan (00:44:36):

And entertain a motion at that point on this matter?

Sandy Bauer (00:44:40):

Absolutely.

Scott Biethan (00:44:41):

Okay. For the rest of the people on the call, I'm not a deep dive expert on Robert's rules of order, so I'm just trying to make sure I'm following the right process here. All right. I propose we move to 7.2 unless there's any other commentary on House Bill 1110, knowing that we're going to come back to a few things on that at the commentary period. Deb.

Deborah Allen-Ba (00:45:03):

Not to be the OPMA rule follower, but if the commission chooses, they may take public comment at this time on this topic alone before they move off of this. So any members of the public, they would have to have within the same three minutes, and the staff would be here to help support within controlling that, but that is up to you Chair Bethan if you would like to take comments. It cannot pertain to any other issue other than this one.

Scott Biethan (00:45:33):

Okay. Is there anybody on the commission that would be opposed to that? Personally, I think this is an important issue. And are we good moving into a public commentary period on this matter?

Dean Potter (00:45:49):

Yeah.

Bill Dutra (00:45:49):

I'm fine with it.

Scott Biethan (00:45:49):

Great. So we're going to open up-

Sandy Bauer (00:45:51):

Okay, great. Sandra, could you pull up your timer? Excellent. Do you want me to call hands for you?

Scott Biethan (00:46:00):

Sure. That'd be fine.

Sandy Bauer (00:46:01):

All right. First hand up was Tom Sto,

Tom Sto (00:46:07):

My timer on? Hi, I'm Tom Sto. I'm here as an appraiser, but my comment is as a council member for King County Municipality, you're forgetting engrossed House Bill 1337. You must include that if you're going to analyze HB 1110, include engrossed House Bill 1337. They are kind of hand in hand. They are somewhat in conflict with each other, but they do affect the same sort of housing. And for the most part, this is all comp plan stuff. The bills do not go into effect until later this month, maybe not even two weeks. The Department of Commerce must comment and provide to each of the cities the impact that they have on that city. Then it has to go through the comp plan process, then it becomes in the zoning.

(00:47:27):

So yes, your impact may not be for a couple of years. I'm not going to get into the commentary about the politics or everything else. There was a comment made about who supported this. It is my understanding that both the board realtors and the master builders were both supporters of both these legislations, so whether you want to go down that rabbit hole too. I am in support of the council investigating this. You're taking a look at this in a way that I had not because my emphasis had had to be from the city's standpoint. To make one comment, this just takes local control over zoning out of the local hands, which is the biggest problem that I have. Anyway, thank you for your time.

Scott Biethan (00:48:31):

Thank you.

Sandy Bauer (00:48:33):

That's a great comment. Thank you. Next up was Todd Reddington.

Todd Reddington (00:48:39):

Hello, everybody. I hope you have a comfortable chair to read the email that I sent to everyone. The bottom line is this. First of all, a couple of things, and I'm not trying to be terse in any way, shape or form. I'm just trying to be quick. Bill Dutra, the terminology that you have utilized is incorrect. It's not one to six units, it's at least six units. And yes, while it does have specificity in terms of proximity to a transit location, every single property is impacted that is zoned residential. So regardless of the fact that a property would have to register and apply for affordable housing, the appraiser doing the appraisal in the highest and best use process, even if they discount or dismiss the fact that five plus units is not the highest and best use, they still have to do that. And according to USPAP, they still have to comment as to how they arrived at that decision.

(00:49:44):

And according to the Washington State RCWs, that is outside of the qualifications and the licensure of a certified or licensed residential appraiser. While the bill goes into effect at the end of this month, its impact is immediate because appraisers now have to start determining whether or not the market participants are making these decisions. And the actual highest and best use is either an interim use or transitional use until such time as the zoning goes into effect, and then you also have to figure out if that's the case. Well, why would that be, because are they considering the fact of going to five plus units? So even today, we as appraisers have got to be contacting every single person we can to determine what the market is doing. This is not just urgent. I mean it's in effect right now, we're dealing with it. And E&O companies, and this goes back to Mr. Dutra.

(00:50:50):

If an E&O company gets wind of the fact that through a complaint, which are becoming more prevalent these days, the Department of Licensing determines that the appraiser, oh, by the way, you really weren't supposed to be doing that appraisal because it had the ability to have more than four units. The E&O insurance will not cover you for that incident. You will be out of pocket even if the appraisal's right. So these are huge issues. I've sent a similar document and cover letter that I sent to the React Committee, to HUD. They have sent it on to VA and the ASB. I've had direct communications with the highest levels of both of those organizations in Washington, DC. And my time's up. And I just hope you all read and take my email very, very, very seriously. It's very detailed, obviously. I'm done.

Sandy Bauer (00:51:50):

Thank you so much, Mr. Reddington. And next up is Bob Mossuto.

Bob Mossuto (00:51:57):

Good morning commissioners, DOL staff. I'm Bob Mossuto. I'm the president of the Appraisers Coalition of Washington. Real briefly, the Appraisers Coalition of Washington has prepared a letter that is going out to the State House of Representatives and the Speaker of the House, that's going to go out tomorrow or early next week. The letter addresses this specific topic, but I want to throw another thing on top of this. Also passed was Senate Bill 5190. 5190 is a sister bill to 110, and it has a trickle-down

effect that will impact smaller cities and rural counties providing similar effects to even the city I live in, Ocean Shores, because I have a bus stop within two blocks of me.

(00:52:58):

So according to 5190, this affects regional agency planning under multi-county planning policies, authority or pursuant to RCW 36.70A, about 210.7. Seven says shall apply to counties and cities which are subject to those multi-county planning policies. So there is an effect there that also needs to be looked into with this HB 1110 issue. And last before my time runs out here, I would point out that according to RCW 18.140.240, which applies directly to the appraiser commission, the commission has a duty and responsibility to recommend change to the director and the legislature. With that, if anybody has any questions of me, I would gladly answer them within my next 57 seconds.

Scott Biethan (00:54:07):

Any other comments from anybody who would like to weigh in on this? Hand just went up. Dave Towne.

Dave Towne (00:54:22):

Good morning, commissioners. This is Dave Towne, Washington State certified residential real estate appraiser, currently with 22 years of experience. My comments pertain to this agenda item we're talking about right now. There's concern whether or not appraisers will be able to do residential appraisals in cities over 25,000 population once this new law takes effect with actual city's implementation as defined in the law, many months from now. Section three in the law authorizes those cities to increase residential density and currently zoned single family residential areas. Note the word used, authorized. The law does not mandate that density must be increased, but it's strongly encouraged by the elimination of pure SFR zoning. In section seven of the law, a city is permitted not to increase the authorized density based on problems with critical utility infrastructure, including fire service, until such time that the various utility services are modified.

(00:55:29):

The law is designed to increase density and define city limit urban areas when in fact it actually may not, at least not immediately. Therefore, appraisers may continue doing appraisals inside city limits of 25,000 population and above. Residential appraisals are of a current value, a retrospective date in the past, or a prospective date in the future. Residential current value appraisals, especially those done on the typical URAR forms, have a built-in presumption that the highest and best use of the property is as it is used currently. If the appraiser determines the current use is not the highest and best use, then the checkbox on that form must be marked no. Once that's done, the loan process dies. The assignment client needs to be contacted and advised immediately. This is critical to understand the current value residential report does not assume or require changes to the current use based on what might be possible in the future.

(00:56:38):

Some of my peers are advocating just that, the presentation center on interpretation that USPAP requires current residential site analysis and reporting as if vacant with future assumed development potential taken into account. That methodology was in the 2004 and earlier versions of USPAP, but it

was removed in 2005. Please carefully read USPAP standards one and two to understand report development and reporting requirements. Residential appraisers will have to become more diligent about doing intended use verifications when doing current value reports. Appraisers should not just assume the changes to the property will be made by an owner just because the law says it may be done. Appraisals for current value have to be based on carefully researched current data available contemporaneous with the data value. Thank you very much for allowing my presentation.

Scott Biethan (00:57:39):

Thanks, Dave. Any other commentary in the open session here? All right. I think we will close the open session on this topic, and back to the commission, and ask if there's any action we want to take.

Claire Elston (00:58:06):

[inaudible 00:58:06].

Scott Biethan (00:58:10):

Go ahead. Please. Claire.

Claire Elston (00:58:13):

Can you hear me?

Scott Biethan (00:58:15):

Yep.

Claire Elston (00:58:15):

Oh, sorry. This is Commissioner Elston. Through the public commentary, we've heard reference to at least three different bills and legislation that could impact appraising. I think we're all pretty much in agreement that there is concern here, but I don't think any of us are really qualified to dig into the legalities of all of these and what the next step should be. Even Bill Dutra said he had to check with the Attorney General on how these would impact us and how it would impact enforcement. I think it might be appropriate that we do send a letter to the director of licensing stating that we are concerned with this legislation, HV 1110, and its impact on residential appraisals and request meeting investigation into the issues and the enforcement of this legislation. I think we need more answers is my bottom line, and I think somebody needs to be reaching out to the attorney general and who's actually going to enforce this. I don't think we as a commissioner qualify to answer that.

Stan Sidor (00:59:28):

Commissioner Elston, is that in the form of a motion?

Claire Elston (00:59:33):

Yes, it is. I so move.

Stan Sidor (00:59:35):

I will second that. This is Commissioner Sedore.

Bill Dutra (00:59:42):

Scott, you're on mute.

Scott Biethan (00:59:46):

Thank you. So I'm glad that you put it into a motion. And I think what I heard you say, but I don't want to speak for you, is that 0.1, we have a statement coming from the commission that would go to the DOL for them to then put through an internal process, whatever the process is that needs to be followed so that we're not lobbying, but that we're concerned about the legislation. And you did mention 1110, but there's also the other sister bill that Bob Mossuto referenced and it's sent in the email that was sent around. And I think that was [inaudible 01:00:36]-

Speaker 1 (01:00:36):

This is Commissioner [inaudible 01:00:36]. I would like to add 1337 to that too. That's the other one that goes with it. That's the ADU one.

Scott Biethan (01:00:40):

Yeah. Claire, would you accept that as a friendly amendment?

Claire Elston (01:00:46):

Yes, of course.

Scott Biethan (01:00:47):

Okay. And that we're concerned about the unintended consequences, we'd like to have them review and then also consult with the DOL in making sure that there's no unintended consequences. Is that a succinct and fairly specific summary of what you had said? So I want to make sure we get the motion that you made it. I don't want to speak for you.

Claire Elston (01:01:10):

The only thing I would add that I do think is important to have in there, since this is going to the director of licensing, is we want investigation into this issue, and specifically address whatever enforcement is going to be taken against appraisers who are just trying to do their job.

Scott Biethan (01:01:28):

Yeah. Sandy and Sandra, do you have a motion that you believe that we have fleshed out?

Sandy Bauer (01:01:38):

So yes, but I think we could be just a little bit more clear. Perhaps the motion could be that the commission directs staff, me, to work with the chair and the vice chair to compose such letter, drafting the letter.

PART 2 OF 4 ENDS [01:02:04]

Sandy Bauer (01:02:02):

... drafting the letter and expressing the concerns of the mentioned bills. Once that letter has been drafted, then we could forward it on your behalf. Does that sound a little bit more clear?

Scott Biethan (01:02:26):

Commissioner Elston, is that good with you?

Claire Elston (01:02:35):

I don't understand what you're asking me. I made a motion that I thought that as a commission we should send something to the director stating our concern about this legislation and requesting investigation. How you want to do that, I'll leave that up to you, Scott.

Scott Biethan (01:02:50):

Great. Okay. Yeah, so essentially what Sandy's saying is that they'll draft it, they'll run it by you and I and then once we're good with it, then we'll have that forwarded to the director of the DOL. I think Sandy was just trying to clarify the process and get that into the motion.

Sandy Bauer (01:03:09):

I was just trying to clarify the process and I did not want to maybe schedule a special meeting for it.

Scott Biethan (01:03:19):

Yeah. Okay, all right.

Sandy Bauer (01:03:22):

Perfect.

Scott Biethan (01:03:24):

Any other conversation, comment on this? Okay. Seeing none, we've got a motion and a second. All in favor say, "Aye."

Participants (01:03:36):

Aye.

Scott Biethan (01:03:38):

Are there any opposed or any want to abstain? Okay. Motion carries. I know that we've taken a lot of time on this topic and I also want to thank all of the folks that have been diligent stakeholders, and I'm not going to name all of them, but we've gotten some great commentary and we did take it seriously, so thank you for doing that. So, with that being said, why don't we move on to 7.2, third-party data collection. And again, I'm going to start it out with Mr. Dutra who has been our subject matter expert for today. He's going to get MVP after the call is done.

Bill Dutra (01:04:22):

Well, I appreciate the high bar and expectations you set for me. Thank you again. So I want to start with third party property data collectors or PDCs as they are commonly referred to. Over the last couple of months we received lots of information regarding property data collectors. One thing I would like to clarify is that this is not new. Property data collectors, based on our research, because we had dealt with and addressed this before, they were first introduced in 2016. In 2017, the department was made aware of property data collectors. We looked into their process, we looked into the information that was drafted, we addressed questions regarding hybrid appraisals. We worked with commission, our partners throughout that we generally work with and different entities, different regulators. And as it related to conducting hybrid appraisals, a frequently asked question or an FAQ was drafted with members of the real estate commission back then. That is still actually on our website today.

(01:05:27):

So one of the things I want to remind is that this is not new. This is not new to 2023. Our opinion back in 2017 is it did not require a license for somebody to do that. Did not meet the definition as defined within the statutes. Jump ahead to 2023, again, lots of questions have come in. Because a lot of these questions have come in, they came directly to the commission, we took it on to start asking more questions and looking into this. Again, that included having multiple conversations with Fannie Mae, which I continue to have those conversations with Fannie Mae. I have some more that are upcoming with them, looking at all of the information that has been sent to us numerous times by different entities, stakeholder groups, and looking at this to see if there's something that we should be concerned about and some guidance or information that we can bring forth.

(01:06:18):

Right now, as of today, there is nothing that we are officially saying or not saying regard that other than we're continuing to look at the information that comes to us. I know that is probably not going to sit well with many people because I know there's a lot of energy and information behind property data collectors that Fannie Mae is currently using. So that's what I can report on today right now on this issue. Any questions from the commission members?

Dean Potter (01:06:51):

Hey Bill. Commissioner Potter. When you looked at it before, did you address or have an opinion about the property data collectors providing opinions of quality and condition? Was that included in your prior 2017 and forward analysis?

Bill Dutra (01:07:15):

It was definitely looked at in 2017. It was actually also addressed when we first became aware of it, when it was introduced. When I say introduced is when we first heard about it, obviously. But it was looked at. I did talk with staff that was part of this program who are still with the Department of Licensing. Obviously I was part of that program working in that environment, worked with Fannie Mae also looking into those as well. We did and we're actually, because it's been brought back again, we're going through the same steps as we are today. That's why we continue to look at this information that is brought forth through the commission and taking the comments and feedback from the individuals expressing their opinion about whether or not this is or is not an appraisal assignment. Taking those and bringing those forward. And again, also continue to work with our office, the attorney general, and working with all of the different lines of business within DOL. We have alerted and talked to, I've had many conversations with the assistant director of this division who has also briefed the director of licensing on the concerns that have been brought forth.

Dean Potter (01:08:22):

So to boil that down, when you initially looked at it and moving forward up until this most recent review of this continuing issue, these people, the property data collectors providing opinions about the quality and condition of a property, if that was okay?

Bill Dutra (01:08:48):

It was deemed in 2017 it did not meet the definition of an appraisal or an appraisal assignment.

Dean Potter (01:08:55):

Okay. All right. Okay. Thank you very much for that clarification, Bill. Appreciate it.

Bill Dutra (01:09:00):

You bet. Thank you sir, for the question.

Scott Biethan (01:09:05):

And in the materials that were sent out, It is being proposed by some that there are the components of appraisal analysis in the question you raised, Dean, about the nature of a property. It is subjective. And I know we've got a hand up, but I think we're, again, we're going to stay with the commission at the moment. And I'm not advocating one side or the other. I'm just saying that's what's being put forward in some of the written materials. Any other commentary on this?

(01:09:53):

Okay. I am inclined to keep this as an action item and to move out of new business and I'll tell you why. What I heard Bill Dutra say was that they are doing some research and we might have some commentary on this, but there might be more information coming back from the department. And my suspicion is that we'll get into the public commentary later and that we'll have a lot of folks that will reiterate some of the things we've already seen and then it'll be up to us to determine... At that moment though, we'll be keeping it on as an open action item if we so choose as the action items, but it will not be something we're taking action on specifically in this meeting.

(01:10:45):

And I'm okay with if somebody says "No, we need to do some action now," but I'm inclined to think I'd like to get the information that Bill will be coming back hopefully at the next meeting with a little more clarity on where the department is. And I have thought about this and I've read the materials and the thing that I'll say to the stakeholders and those that have been again, diligent and thoughtful and care enough about the profession for the information, it boils down to what's a person's definition of an appraisal activity? And appraisers can all agree to disagree, which we always seem to do. And then secondly, what can we do as a commission? We can only adhere to USPAP. We can only adhere to what actually USPAP. Then also if we hear from the department on how they view it. So if your license is not at risk, then I think to me then it's a matter of opinion of somebody. But we've got the guidance from ASB, we've got the guidance from the department, but we don't have any of that guidance right now. So I'm inclined to close this and move on, but I'm going to go to the commission and say, is there anything else that we want to talk about? Bill, go ahead.

Bill Dutra (01:12:00):

Thank you sir. The one thing I want to bring forward also is a couple of things of talking about the department's authority as well. With any of our licensees, and this is for all of the 50 different ones that we're supporting, different types of licensees, if the department feels that someone is... An individual is conducting activities that requires a specific license, our authority is to issue first, educate them to either get licensed or stop. If they fail to do that, our authority is to issue a cease and desist against an individual that is doing something. Right now we're looking at the process that Fannie Mae has brought forth, what they're doing, and how this is happening. I have continued conversations with Fannie Mae, I have more upcoming to talk to them about this and to have conversations about this.

(01:12:52):

One of the other things that I just want to bring to the commission's attention, I've had many conversations with stakeholders and licensees about this situation and I think there's a little bit of misunderstanding of what the department's authority is or is not on issuing a cease and desist. And again, we must be sure that they meet the exact definition as written. And I appreciate you saying we can respectfully agree to disagree and we understand that happens on a daily basis.

(01:13:26):

There were some other questions that came up that I will address because I believe it may have been in some of the other previous materials submitted was regarding background checks, PDCs and who's authorizing these people to go on people's property and where the department's stance is or what's our opinion of this. The department does not have any, that I'm aware of in this division, that requires a homeowner, a private homeowner to allow anybody into their home. We conduct background checks and when I say background checks, I'm talking about extensive criminal background checks on licensees and programs that the legislature authorizes us to do. And those include obtaining fingerprints and running those through state and federal national criminal databases. That only affects four licensees within this division. Real estate brokers related to this profession, real estate brokers and the controlling interest of an appraisal management company. There's two others that aren't really related that we have. So it's not as if, I don't want to come away with thinking the department doesn't care who goes

into your home. Officially the department, we can only have an opinion or we can only take action on those that we do regulate and those that the legislature grants us the authority to do a background check on, an extensive background check, when I talk about criminal background checks.

(01:14:50):

So that had come up quite a bit. I wanted to make sure that was clear with the commissioners. I was advised that there was a belief that we had done extensive background checks on appraisers before they become licensed running them through criminal databases. We do not, because we do not have the authority to do that from the legislature. So thank you for giving me a few extra minutes.

Scott Biethan (01:15:15):

Thanks, Bill. All right, I'm going to go back to the commission. Is there anyone who is opposed to moving off this topic as a new business item and moving into reports? Okay, we're going to keep this on as an open action item, I suspect. I don't mean to speak for all of us. And now I'm going to turn it back over to, or not back over, but to Commissioners Sidor and Potter for diversity, equity and inclusion update.

Stan Sidor (01:15:50):

Thank you Chair Biethan. This is Commissioner Sidor. I've been keeping an eye out on the web and the networks about anything relative to this. I have no new information since our last meeting. I'm not aware of any substantive action that's been taken. I don't know if Commissioner Potter has identified anything. I'll let him speak on that. But I have nothing to add.

Dean Potter (01:16:19):

Okay, this is what I have to add. I think a couple of years ago when DEI was newer and there were legislation at the federal level being proposed to do away with the appraisal foundation and everything that as we saw it and create penalties for bias against appraisers, suspensions and things like that, it was a pretty active item. Today, unless you live under a rock, you're pretty much aware of all the DEI issues that are ongoing. I don't know if you can hear in the background. There's some construction outside my office right now. So that's what that pounding is, if you can hear that. But anyway, so I think the timeliness of this ongoing subcommittee report has served its purpose. And I would make a motion to retire it as a standard agenda item. And if somebody has something new, commissioner or the member of the public or the stakeholders, they can bring it forward. But I don't think we need to have this as a standing subcommittee report every meeting. So I would move that we no longer consider this as a standing committee.

Stan Sidor (01:17:58):

And I'd second that. This commissioner.

Dean Potter (01:18:00):

Thank you. I thought you might second that, Stan

Stan Sidor (01:18:04):

Call the question.

Dean Potter (01:18:07):

All in favor? Sorry, Scott.

Scott Biethan (01:18:11):

Actually, before I call the vote, I'm going to weigh in because I'm going to vote against this and I suspect the commission will vote for it. And I believe this to be an important issue. And if we don't have any issues at the moment in front of us, I think there'll be things that will be coming in front of us. But I've said my peace. And is there any other discussion? And call for the vote. All in favor say aye.

Participants (01:18:42):

Aye.

Scott Biethan (01:18:44):

And I think I'm the one opposed. So that's all good. That's why we have a lot of us here at the table and I always appreciate the perspective from other commissioners. All right. Moving in to the ASC audit update.

Sandy Bauer (01:19:04):

We are very excited for the ASC audit update. It is going to be occurring in person at our Black Lake office, August 1st through the 3rd. I want to give a quick little timeline about things that have happened. June 27th, we submitted all of the requested documentation for them to review. Today we'd like to welcome the representatives to attend this meeting that is part of the audit update as they were attending today's meeting. On July 27th, we have an opening conference. It's going to be virtual. As I said, August 1st through 3rd will be the onsite portion of the audit. And August 3rd we will have the exit conference. All finalized reports should be available within about 60 days and we'll share that with the commission. And with that, I'm happy to answer any questions.

Scott Biethan (01:20:12):

Are there any questions?

Sandy Bauer (01:20:15):

All right.

Scott Biethan (01:20:16):

Jenny, you don't have any really hard questions? I see you're muted. You don't want to ask the tough questions of staff right now. We appreciate you being here.

Jenny (01:20:25):

Oh, I will be asking some tough questions.

Scott Biethan (01:20:30):

Well, I'm sure [inaudible 01:20:31].

Jenny (01:20:31):

But I'll hold them until I see them.

Scott Biethan (01:20:33):

Yeah.

Jenny (01:20:34):

Thank you.

Scott Biethan (01:20:36):

Yeah. Good. All right, any other questions? Seeing none. License counts.

Sandy Bauer (01:20:47):

Let's move on to complaint counts. We have a total of 15 cases that are currently open. Two have been sent to investigation, five have been closed. There are 16 that are open in the intake unit, which means we just got them in and they haven't been moved anywhere. Thirty-eight that are open in the investigation unit, and 10 that are open in the legal compliance unit. And with that, I'm happy to answer any questions about complaint cases.

Claire Elston (01:21:27):

This is Commissioner Elston. I'm always hoping that we can all learn from mistakes anyone might make because I think we all want to be better appraisers. I realize that you can't disclose individual case data, it's sensitive, but would there be any way to get a recap on closed cases of just an overview of what the issue was and what the resolution was? It might be useful for all appraisers to say, "Oh gosh, this is an issue and this is what the resolution was, this is the way it should have been done." I think it would be useful. I'll just throw that out there. Other people can give their comments.

Scott Biethan (01:22:12):

Well, the State used to do that. I'm just curious, was there a legal or other reason why they stopped doing it?

Sandy Bauer (01:22:23):

What was that question, Chair Biethan? I'm sorry, I missed it.

Scott Biethan (01:22:26):

Several years ago, I know that you could get on and see the nature of a complaint. Not any specific names. But I think the last few times I was curious. I didn't see anything. So I don't think they report that any longer.

Sandy Bauer (01:22:38):

They don't. However, we have been getting this type of feedback on all of our boards and commissions. So I'll let Deborah Allen-Ba jump in and provide a little bit of extra information. Oh, nope. Sydney.

Deborah Allen-Ba (01:23:01):

Who's going to speak on this one? I'm sorry, Sandy. Okay, go ahead. Thank you.

Sydney (01:23:07):

Hi Commission. My name is Sydney Millie and I am Sandy's counterpart working with the regulatory boards. And as Sandy indicated, this has been a request from all of our boards uniformly completely across is seeing that historical data. When we transitioned into Polaris, that was not something that was being tracked. And so when we began getting that ask from all of our boards and commissions, we did send that request over to the investigations unit and they have begun tracking that. But that has only started occurring over the last month to two months. So they are working on that. But there won't be any trackable data for about a year. Anything we would pull on that right now would just be a scatterplot across the map. So we are working on how to put that into a digestible report and have that come forward to you. But at this point we're looking at early next year to be able to see that historical data across those cases. So I hope that helps answer your question.

Sandy Bauer (01:24:13):

Excellent, thank you. Thank you. Sydney.

Stan Sidor (01:24:17):

Sandy or Deborah Allen-Ba, this is Commissioner Sidor. I had a question. I don't know who the appropriate person is to answer this. I'm taking note of the 10 cases that are in open legal compliance that strikes me as atypically high and unusual. Is that the case? Have we regularly had that many cases in legal compliance?

Deborah Allen-Ba (01:24:47):

I think Mr. Dutra was going to answer, but he is sitting next to me and unfortunately his audio is not working. It is a bit of a high number, Commissioner Sidor. What is happening is that we are still in the catch-up mode after being basically almost completely stopped in our compliance work during COVID. So we have our legal unit is now starting to work through a lot of backlog of those cases. And that's why you're seeing so many come through. In a typical year, I think seeing 15 cases opened within a period of time, that's not unusual. When we see cases that are open and closed, a lot of times what those are is cases that don't fall within our jurisdiction. Typically, those can be things where you're placing a complaint that doesn't have anything to do with the appraisers. It might have to do with our system. We

get a lot of complaints that people don't like our licensing system, so they file a complaint against DOL. Obviously that does not fall within any investigations.

(01:26:08):

So it is really a matter of if the case that is opened does not have any jurisdiction, it will be immediately closed. So that's sometimes why you see cases that are opened and closed right away. If they're in intake, that is at the point that they're waiting to be assigned out to an investigator. I don't think... if Bill was able to speak to it. He could probably give us a lot more insight because that's the unit he is just now coming to us from. But I hope that that helps to clarify a bit.

Stan Sidor (01:26:47):

Well, it just struck me that I don't have the historical numbers in front of me, but I can't remember the last time I saw that there were as many as 10 cases in legal compliance. And I hope that doesn't suggest or portend some major problem that is out there in the appraisal profession.

Deborah Allen-Ba (01:27:12):

No, and I think that is just you're seeing that we are just now starting to get through our backlog. And as we're moving through those, the numbers may seem a little higher as we're working through that, but that's all that is. And hopefully by the next time that this commission comes together, those numbers are going to look a lot better for you.

Stan Sidor (01:27:32):

Thank you.

Scott Biethan (01:27:39):

Any other questions on complaint case counts? Okay, so we're going to move to 8.2.3, license E counts.

Sandy Bauer (01:27:52):

Excellent. We have a grand total of active licensee counts of 3,070. We have a grand total of 2,264 Washington State only. And in the little square at the bottom, it was requested that we provide renewal information. So that square at the bottom is we have had 697 renewals since January 1st. And since our last board meeting we've had 125 renewals. And with that I'm happy to answer any questions.

Scott Biethan (01:28:37):

All right, thank you. So master action items list.

Sandy Bauer (01:28:49):

Okay, master action items. The first item was researching the requirement for taking the USPAP when licensees re-certify now that there is no expiration date. As of right now, when you renew, you are required to take the USPAP. And even though there is not an expiration date, we have a good authority that it will be updated. So whenever you renew, you will still need to do the USPAP. For item number

two, sending out the listserv for the Fannie Mae complaint process. We were advised with our communications team that we should not be sending out third party websites and informations. That was dangerously close to being spam. So what we can do is we can advise people just to go to the Fannie Mae website on your own computers and then search the process for yourself. So that was the best way that we could get that.

Scott Biethan (01:30:05):

Well, I think I'll add to that. If you just type in to the search engine Fannie Mae Korea, not Korea, but Fannie Mae complaint process. Pardon me. It'll just pop right up to a website. That's how I got it.

Sandy Bauer (01:30:23):

Excellent. Yeah, so it is public information, you don't need to have a special link to access it. But we are limited in what we can send out on a listserv to apply to DOL information only. As far as the next item, the demonstration reports, that is in progress. So I'll have a little bit more information at the next meeting for that. And the last item, the clarification on whether licensee counts report include mass appraisers. Our licensee counts do not include mass appraisers. We do not regulate and/or license and/or certify mass appraisers. All of the mass appraiser information can be found on the Department of revenue who does regulate and certify mass appraisers. And with that, are there any questions?

Scott Biethan (01:31:27):

I think the question we're going to ask is there anything we want to put onto that action items list? And we will be working on a response from the commission to the DOL about house bill 1110 and then the second one, I can't remember the number. 1337, 57, whatever the second one is as well. Forgive me. And then secondly, we are going to be looking for some information back on that, actually as Mr. Dutra gets more info, but also on the 7.2, the third party property data collection.

Sandy Bauer (01:32:05):

Excellent points. For agenda item 10, after the public comments, we have the opportunity to collect action items and agenda items at that time, so we can make sure that we have everything captured correctly.

Scott Biethan (01:32:21):

Right. Thank you. Good. All right. All right, so now we're going to move into... Any questions on any of that? Okay. Now moving into public comments, and this is time for folks, the public to provide any kind of commentary that they've got is on their mind. The only thing we would ask to not have any commentary on now is 1110 because we have opened and closed that comment period. You can always provide, I guess you can always provide written comments on anything you want to at any point in time too. Make sure it goes to the DOL. The first thing I'm going to do is just...

PART 3 OF 4 ENDS [01:33:04]

Scott Biethan (01:33:00):

The first thing I'm going to do is just ... Do we have anything that needs to be read into the record?

Sandy Bauer (01:33:08):

Yes, we do. We have a comment from Mr. Bob Masudo. I must apologize. He sent this in to be read at our May meeting. It went into our junk mail folder, and I did not catch it in time to read it out loud during the May meeting.

(01:33:27):

I did forward these comments to the commissioners as soon as I caught them. But, however, I do want to take the opportunity to read them now.

Scott Biethan (01:33:39):

Please do.

Sandy Bauer (01:33:42):

"[inaudible 01:33:42] board members have reviewed FNMA's value acceptance property data collection protocols, and sent correspondence to both DOL and REAC, with our concerns that the scope of the work for a PDC is defined within state law as part of the appraisal process, and can only be legally performed by a licensed or certified appraiser.

(01:34:08):

Fannie Mae requires a PDC to make a full interior/exterior property inspection, during which the PDC is required to analyze the property's quality condition, and provide a rating based on their observation. The specific guidelines can be found within the property data standards V6 PDF document, which can be found here."

(01:34:32):

He inserts a link and I apologize, I cannot show that link, as a verbal comment. "State law RCW 18 140.010 considers an appraisal assignment to be when a person performs actions that would be perceived by third parties, or the public, as a disinterested third party rendering an unbiased analysis of an aspect of identified real estate. Those actions do not necessarily require a value estimate or conclusion. Note, the fact of performing an interior/exterior inspection and analyzing rating the property would be perceived by the public as performing an appraisal, and the borrower will likely be told that."

[NEW_PARAGRAPH]" The PDC is specifically used to help the algorithm appraise the property, or to be used as a hybrid appraisal process. FNMA is a third party and their PDC request is specifically for an unbiased analysis of an aspect of a piece of real estate improvements and structures as part of their appraisal valuation process of collateral for a loan. This goes beyond perceived actions. These actions are expected and required. Washington state law identifies an appraisal assignment as an engagement for which an appraiser is retained to act as a disinterested third party in rendering an unbiased opinion, or conclusion, relating to the value of specified interests in, or aspects of identified real estate."

[NEW_PARAGRAPH]"We acknowledge that the law is written specifically cites the engagement of an appraiser. However, if a Washington state real estate broker writes down an opinion of value for anyone other than a prospective buyer, seller or leasee, the document must have a written statement that the BPOCMA is not an appraisal, which would not be acceptable to FNMA as a statement within PDC. If Washington State will not allow a real estate agent to act as an appraiser, or be perceived as acting as an appraiser, then how could a member of the general public be allowed to do so?"

[NEW_PARAGRAPH]"Furthermore, we believe this to be a significant concern not only to the health and safety of property owners. Persons performing these PDCs are not required to be insured. There is no way to hold them accountable for misrepresentation of facts, and their unprofessional analysis affects the single largest investment a Washingtonian has. The VA recently reported a convicted felon was engaged to perform a PDC. We encouraged DOL and react to require all PDC or hybrid inspections, for the purpose of loan collaboration, to be performed by licensed certified appraisers." End of comment.

Scott Biethan (01:37:55):

Thank you Sandy.

Sandy Bauer (01:37:56):

That concludes the written comments.

Scott Biethan (01:37:58):

Okay, perfect. All right, so we're going to move into the public commentary period. Just a reminder, please keep it to three minutes, and we will be looking for any commentary on things that are actually within our jurisdiction and purview. Then our action items after the public commentary period is we can direct staff to study the matter further, or request of the matter be scheduled for a later discussion. Again, that goes back to Open Meetings Act. With that being said, I'm going to open it up, and it looks like Dallas is our first person for public commentary.

Dallas Kudowski (01:38:42):

Yeah, thank you Chair [inaudible 01:38:44] and thank you all the commissioners and staff. Well, I think you guys are doing a great job, so thank you guys for all you're doing. I just wanted to remind the commission about RCW 18.140.240, the duties and responsibilities of the commission. One of those is to act as a liaison, to serve as a liaison between the appraisal practitioners, the public, and the department. It's disappointing that the property data collector, this determination was made in 2016, but it doesn't seem like this was communicated to the appraisal profession, or the industry as a whole that essentially we have anybody doing an appraisal inspection without a license, and that's totally fine.

(01:39:24):

The other part of that is to study and recommend changes to the director or to the legislature. I think that part is forgotten a lot of times. That's not lobbying. That is a duty and responsibility of this commission to recommend changes to the legislature, and that needs to be done. You don't just have to send letters to the Director of the DOL. They also should be going to the legislature if it's a legislative issue. I wanted to also address Bill Dutra's comment about not having authority over PDCs. I want to

remind about 18.235.130 unprofessional conduct. Number 12 is failure to adequately supervise or oversee auxiliary staff, whether employees or contractors, to the extent that consumers may be harmed or damaged. Though they do have authority over the AMCs that are hiring these AMCs, and that they're hiring these contractors, and that the consumers may be damaged by their work.

(01:40:25):

They definitely do have authority over them. I want to thank Dean Potter for his comments about the DOL and their... we're looking for what is the DOL going to be doing on this? Is there going to be enforcement against appraisers, and that kind of thing. That's what we're looking for as far as that determination. I think that's all I've got.

(01:40:50):

Oh, the one other thing that I wanted to add is awesome... I'm so excited to see Commissioner Spore and Commissioner Stevens master appraisers on the commission, so awesome. Something I've been obviously asking for, for a while. The next thing I would say is if you do have another commissioner open that please consider adding an appraiser that does mostly mortgage appraisal for GSEs, as a lot of these issues that we're dealing with right now, [inaudible 01:41:16], Fannie Mae, the PDC issue, all of these are related to appraisers that are doing mortgage appraisal for GSEs mostly. I think that should be considered. Thank you for your time and thank you so much for everything that you guys do.

Scott Biethan (01:41:32):

Thank you very much. George Nervik?

George Nervik (01:41:40):

Can you hear me?

Scott Biethan (01:41:42):

Yep. Yes.

George Nervik (01:41:44):

Okay, I'll try to keep this brief. This is mainly talking about the property data collectors. First of all, I agree completely with Dallas's comments and most of the other prior commentors. I've commented about this in front of the commission numerous times in the past. I'm sorry, I don't mean to sound offensive about this, but here we are still nothing seems to be happening. I contend that these property data collectors need to be licensed. There's... if you read 18.140 carefully regarding appraisers, it would be apparent that they need to be licensed. They would also need to be licensed under the home inspector laws, the architect laws, the surveyor laws, even the pest inspector laws. You can't be going out and doing what these people do without having licenses. This is putting the public at risk. There's been several cases now across the country, convicted murderers, sex offenders, everything else working as property data collectors.

(01:43:17):

I feel that I'm in a position, because I know about this, that we need to warn the public. I put a call in over a month ago to the Director of the Department of Licensing. He seems to be missing in action. I can't get a return phone call regardless of my many phone calls, and emails, and so on. I did speak briefly to Bill Dutra. I had requested to speak to Ms. Hessler, but she did not call back either. Given that, unless the Real Estate Appraiser Commission can make something happen real quickly, I'm going to put together a package and send it to the governor, to the AG, the Director of the Department of Licensing, and the Director of the Department of Agriculture, just because they cover pest inspectors, and putting them on notice that they're putting the public at risk. This way they can't claim they didn't know when a property owner is harmed and wants to sue the state for allowing this to happen. There you have it. Thanks for giving me the time.

Scott Biethan (01:44:37):

Thank you very much. Scott DeBiasio?

Scott DiBiasio (01:44:44):

Great, thank you very much, Chair Beethan, and members of the commission. I just wanted to mention and remind the commission, in relation to the property data collector matter, that the use of third party property data collectors, as Mr. Dutra said is not new. But even more so, the use of third party data collectors is very commonplace, and standard operating procedure for general appraisers when doing commercial, industrial, and other general appraisal type of work. Take for example, an appraiser who may or may not be located in Washington state who is hired to appraise a portfolio of a hundred Taco Bell restaurants. I can assure you that that appraiser is not going out to personally inspect each of those properties. Rather they're hiring other entities, and other professionals to do those inspections for them. I just wanted to remind the commission and ask you to make sure that you consider what the impacts of any action that the commission takes could be on general appraisers, and the work that they do, and how they utilize third party data collectors.

(01:46:12):

Quite honestly, I see a third party data collector as nothing more than another third party source of data that the appraiser utilizes, and is responsible and required to make sure that the information is credible and reliable. I just want to highlight to the commission and make sure that you're not being myopically focused on what the impacts of property data collectors would be on the residential space. Unfortunately, that happens all too frequently, but I would ask that you also consider what the impacts would be on general appraisers who frequently utilize third party property data collectors. That can include folks like; architects, soils engineers, building engineers, so on and so forth. Just keep that in the back of your mind as you go about your work and analysis, in relation to property data collectors. There could be some unintended consequences for general and commercial appraisers here, as well. Thank you very much.

Scott Biethan (01:47:16):

That's a good point. Thank you, Scott.

Sandy Bauer (01:47:20):

Just a reminder that the verbal comments were limited to one three minute comment.

Scott Biethan (01:47:28):

I know, I'm going to address that in a minute. Bob Masudo?

Bob Mossuto (01:47:36):

Yes. Hello? Can you hear me?

Scott Biethan (01:47:40):

Yep.

Bob Mossuto (01:47:43):

You're letting me make a comment?

Scott Biethan (01:47:46):

Please.

Bob Mossuto (01:47:46):

Okay, thank you. I would agree with Scott that this could have some parallel effect on commercial side, because commercial and residential are two different critters. However, I'll also remind the commission that to perform actions perceived by the public as being that of an appraiser without a valid license is a violation of RCW. Furthermore, anyone that hires a PDC to perform a data collection assignment is in violation of RCW 18.235.130.

(01:48:19):

I'd ask DOL to review the Fannie Mae pamphlet regarding PDCs. It's a 37- page document, and the PDC is required to analyze and report on 91 different subjects, including quality and condition. When you analyze, that is part of the appraisal process, and a person that is not trained in appraising should not be doing analyzation. How much time do I have left? Okay. As George had mentioned, there was an AMC that actually hired a criminal. He was convicted of \$1.2 million armed robbery. The only reason it didn't come out on background is because he hadn't been sentenced yet. There are criminals out there, and bad people, that could potentially go into you and my house as a property data collector. That's dangerous. If the state doesn't do anything about it, we should at least consider formal background checks for that particular profession, if you want to call it that.

(01:49:37):

I would also state that in regards to disciplinary actions, disciplinary actions used to be stated on the DOL website under appraisers, and it would be nice to see that come back. Lastly, I will tell you that in the bill 1797, which was about valuations, the agreement with the DOL in the committee meetings was that they had 90 days to enact that bill once it was passed. That bill should be on the books by mid-

August or end of August, in my opinion. That is all I have, and if anybody has any questions, I would be happy to answer them, and I thank you for letting me speak.

Scott Biethan (01:50:25):

Thanks very much, Bob. Sandy, I'm just going to say something. If you were referring to if somebody has spoken at the previous open public comments on this specific matter and then spoke here, I don't have a problem with that, because that matter in and itself-

Sandy Bauer (01:50:41):

Correct. That was two separate subjects. That's fine.

Scott Biethan (01:50:44):

Gotcha.

Sandy Bauer (01:50:44):

Okay.

Scott Biethan (01:50:45):

Dallas, I'm going to ask a favor. The slippery slope that we run into... and you know me, I don't like to stifle conversation, and you've got your hand up, and I'm going to ask you a favor, if you could just... if it's something you want to obviously comment on a second time, when we open that door, it's a wide gate. Then we get into what I would call a really long conversation, and then we have conversations after the meeting about public disclosure and Open Meetings Act. If you've got a short comment, I'd like to go ahead and ask you to do it. If it's something that's going to be long, I'd like to ask you to wait. I want to just respect everybody else on the call in the process. You're a good man. I really appreciate your feedback,

Dallas Kudowski (01:51:27):

Scott. No, I just wanted to add real quick to my PDC comment. One of the things I wanted to add was the standards on mass appraisal is one of the only appraisal standards that actually address directly data collection by trained data collectors. It's number 3.3.2.1. "This inspection can be performed either by appraisers or by specially trained data collectors in a joint approach. Experienced appraisers make key subjective decisions such as assignment of construction, quality, class, or grade, and data collectors gather all of their details." If Fannie Mae's data collectors were doing data collection for the mass appraisal world, DOR, that would be illegal. It would not be allowed under mass appraisal standards. I just wanted to bring that to the attention of the commission. Thank you so much.

Scott Biethan (01:52:14):

Thank you. Okay. All right. I'm not seeing any other hands up. Todd Redington?

Todd Redington (01:52:31):

Yeah, two real quick things. One's in response to Scott, and I agree with what he's saying, but in most instances... as far as I'm aware, I'm not a general appraiser. The people that they're hiring for these additional bits of information, architects and so on and so forth, they're licensed, or they're registered with the state in some form or format, the PDCs aren't. That's what we're trying to get at. I understand what he's saying, and I don't want to have unintended consequences to them, to the general appraisers. But like I said, most of the inspectors, the foundation architects and everything else, they're licensed in some form or fashion. The other request that I would have from Bill Dutra is, I went onto the DOL's website and tried to find the FAQ regarding their determination on PDCs. Can someone put that up, or post it, or send it out, or contact someone, or contact [inaudible 01:53:33] and give it to us so we can look and see how they came to that determination, because it's baffling to me.

(01:53:39):

But I'll leave it at that. I'll make it short. I appreciate your time, and thank you very much.

Scott Biethan (01:53:47):

Okay. Dave Towne?

Dave Towne (01:53:52):

Good morning again, I just wanted to change gears on you here. I have a secondary business as an education service provider for appraisers. I want to touch base on the USPAP update situation. As we know the new USPAP will come into effect as of January 1st, 2024. There is no expiration date on that new book, from what we know now. We don't know if there will be any other exposure drafts though in the ensuing future. Most states, and I believe Washington is similar, is they state that you cannot take the same class over, and over again, for your license renewal. What the ASC will do... Appraisal Standards Board, excuse me, will do is they will come out with a new class. They're going to have a new class to update appraisers on the new book. That'll come out at the end of this year.

(01:54:56):

Then probably by the end of 2025, if there is no update going to be done to the book in the ensuing year, they will write a new class, a seven-hour update class that will be presented, and will be available to be taken by appraisers. That's where this thing will go. If this new book goes for 10 years, they'll just keep writing new classes every couple of years. I'm not sure if the three minutes was started, or if I'm over time, but that's all I needed to say. Thank you very much.

Sandy Bauer (01:55:34):

It wasn't started, that was my bad.

Scott Biethan (01:55:36):

Actually Dave. You did really great. Thank you. All right. I think... I don't see another hand is raised. At this moment we will close the public comments. Floor is now closed. Then we'll move into number 10 on the agenda and announcements.

Sandy Bauer (01:56:08):

The department does not have any announcements.

Scott Biethan (01:56:12):

Okay. I don't think... any commissioners, or any announcements to make? Except for... we're really happy, we've got two new commissioners. I've said that, but I'll say it again. All right, so we're going to move into request for agenda items. I will go ahead.

Speaker 2 (01:56:34):

Oh, I was going to say, Chair Beethan, if you don't mind, I can take that one.

Scott Biethan (01:56:37):

Yep, please.

Speaker 2 (01:56:41):

I captured the agenda items throughout the meeting of a BREA survey data update that staff will provide, and then also an ongoing as needed until issues are resolved for House bill 1011.... excuse me, 1110, and the other two that were brought up if necessary. Are there any additional agenda items that commissioners would like to add?

Scott Biethan (01:57:10):

Well, just make sure... there was the ongoing discussion, but also we're going to be doing a letter, or some something. I know there was public commentary on what our responsibilities, duties, and purviews are, and that is up for us to decide. I think that the guidance that we've got at the moment is we'll put it through to the DOL, and I'm just going to say that's our prerogative. You've got 7-1 both following up, then and then 7-1 with having some consensus coming from the commission. Then we've got... you mentioned the PDC, so I think that's-

Speaker 2 (01:57:49):

Yeah, and I have that... sorry to interrupt.

Scott Biethan (01:57:49):

No, please.

Speaker 2 (01:57:53):

I have that captured under action items, which I can read off if you'd like?

Scott Biethan (01:57:58):

I think I'm good, unless somebody else would like to have it read off?

Speaker 2 (01:58:03):

I did also have capture the PDC as well to provide additional clarity on that, and then what we discussed as far as drafting a letter for House bill 1110, EHB 1337 and Senate bill 5190.

Scott Biethan (01:58:26):

Yep. Okay, good. Good. Any other?

Jay Sporn (01:58:33):

Yeah, this is Commissioner Spore. I just had a question possibly for Deborah. She mentioned something about what we're going, and making statements to legislatures or whatever. Where is that threshold do you cross over to be a lobbyist? That's a new one for me, so definitely I don't want to go over that line. Is she available to maybe explain that, or I could send her an email and she could explain it to me?

Deborah Allen-Ba (01:58:57):

Thank you for asking the question. Yeah, commissioner Spore, that is actually something we do a legislative training for our commission and board members, and I'm just messaging with my colleague right now. I believe we can provide you with that training at our next commission meeting, if you would like that. That way everyone has the opportunity.

Jay Sporn (01:59:21):

I think they were going to try to combine the training for both of the new people here. I know, I'm sure Sandy or Sandra's getting ready to set that up anytime now.

Deborah Allen-Ba (01:59:30):

Absolutely. What I'm talking about is that we have a legislative training, it's a legislative 101 training that we provide to our boards and commissions.

Jay Sporn (01:59:39):

Great.

Deborah Allen-Ba (01:59:39):

I don't believe that this commission has had that training yet. We can schedule that for you next meeting as well.

Scott Biethan (01:59:46):

Yeah. What's the length of time on that, do you think?

Deborah Allen-Ba (01:59:49):

The training? I think it's less than 20 minutes. Am I correct, Sandy?

Sandy Bauer (01:59:55):

Yeah, I think it's right around 20 minutes and then maybe 25, depending on how many questions we get following the training.

Deborah Allen-Ba (02:00:05):

It is definitely doable within a commission meeting.

Scott Biethan (02:00:10):

I think it wouldn't be a bad idea. The other thing is, even though... maybe I'm the one to push this to say, "We're going to run this through the DOL rather than straight to the legislative bodies." For whatever reason I was not able to get the right website to load, just to double check our purview, and our marching orders, and what can and can't we do as a commission. But some of the folks did in the public commentary period. We want to make sure we don't cross the line. But I think having an opinion on what serves the public trust hopefully doesn't violate the definition of lobbying. But yeah, maybe we could have that legislative training and... yeah.

Sandy Bauer (02:01:02):

All right. We'll add that to the agenda for the next meeting.

Scott Biethan (02:01:05):

Okay.

Jay Sporn (02:01:05):

Thank you.

Sandy Bauer (02:01:07):

You're welcome.

Scott Biethan (02:01:09):

Anything else on... okie doke. I think we're done with that. Yeah. Sandra, and you've reviewed the action items. Gosh, the last thing I've got... is there any other business that needs to come in front of the commission before we call for adjournment? Good.

George Nervik (02:01:35):

I move to adjourn.

Scott DiBiasio (02:01:37):

Second.

Scott Biethan (02:01:39):

All in favor?

Scott DiBiasio (02:01:41):

Aye.

George Nervik (02:01:41):

Aye.

Jay Sporn (02:01:42):

Aye.

Scott Biethan (02:01:43):

Thank you everyone. Also, thank you everyone who joined the meeting and we do value all of the input, so thank you very much.

George Nervik (02:01:52):

It should be mentioned that participants can apply for a certificate for two hours of CE.

Scott Biethan (02:01:59):

All right.

Jay Sporn (02:02:03):

Thanks Scott.

Scott Biethan (02:02:04):

Yep. Thank you everybody.

Dallas Kudowski (02:02:08):

Thank you.

Sandy Bauer (02:02:11):

Thank you. Have a great day.

Scott Biethan (02:02:13):

Yep.

PART 4 OF 4 ENDS [02:02:20]