

APPRAISER LICENSING AND CERTIFICATION BOARD

Heber M. Wells Building

Room 250

9:00 a.m.

December 8, 2010

MINUTES

STAFF MEMEBERS PRESENT:

Deanna D. Sabey, Division Director
Dee Johnson, Enforcement Director
Mark Fagergren, Education/Licensing Director
Xanna Hardman, Assistant Attorney General
Jennie Jonsson, Hearing Officer
Renda Christensen, Board Secretary
Jim Bolton, Investigator
Craig Livingston, Investigator
Ken Wamsley, Investigator
Amber Nielsen, Division Staff

BOARD MEMBERS PRESENT:

Craig Morley, Chair
Paul W. Thronsen, Vice Chair
Debra Sjoblom, Board Member
Jeanette Payne, Board Member
Daniel Brammer, Board Member

GUESTS:

Vern Meyer	Kent Vincent
Gary Free	Justin Cash
Ryan Sedgwick	Sean Railton
Kent Benson	Ron Smith
Alan Payne	Frank Clawson
Lee Gardner	Rick Lifferth
Matthew Zetterquist	Jill Tucker-Staska
L. Scott Murray	Eric Christensen

The December 8, 2010 meeting of the Appraiser Licensing and Certification Board began at 9:00 a.m. with Chair Morley conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes

There was one slight correction on page 2 to have the sentence now read "There are two ways being considered...". A motion was made to approve the Minutes of the November 10, 2010 meeting as amended. Vote: Chair Morley, yes; Vice Chair

Thronsdon, yes; Board Member Sjoblom, yes; Board Member Payne, yes; Board Member Brammer, yes. Motion carries.

DIVISION REPORT

DIRECTOR'S REPORT – Deanna Sabey

Director Sabey introduced the new Assistant Attorney General for the Division of Real Estate, Xanna Hardman. Ms. Hardman has recently moved to Utah from Nevada, and she started with the Division on December 6, 2010.

In both the Appraisal and financial institution businesses there are new interagency appraisal evaluation guidelines. This 70-page guideline replaces the 1994 guidelines that were set up by the OCC, Federal Reserve Board, FDIC, OTS and the NCUA. These are the guidelines that the institutions must follow when they are looking for property valuations. These guidelines were just released on December 2, 2010, and not many comments have been received yet.

This document imposes a responsibility for financial institutions to make sure they have specific and detailed policies and procedures dealing with the use of appraisals and evaluations. It also places more responsibility and accountability on financial institutions in dealing with Appraisal Management Companies and appraisers directly.

The guidance states that BPOs cannot be used as an evaluation, because they do not provide the property's market value. But, information obtained from BPOs may be useful to develop an evaluation or appraisal. An example of where appraisals and evaluations don't need to be used is when a financial institution has a portfolio of assets to make sure that a) they are performing assets, and b) their values are holding. One of the ways they can tell if the values aren't holding is to use a BPO and be able to get an idea of what is going on with that asset. At that point, if it is determined there is some problem with value, they will have to dig deeper to see what the problem is. If their assets are de-valuing, they are going to have to reserve against the de-valuation of these assets.

Another section of the report deals with the responsibilities in dealing with Appraisal Management Companies ("AMCs"). It specifically cautions that if an institution engages an AMC to administer any part of this appraisal process, they have to be very careful in making sure that they have policies and procedures that are detailed and being followed. The institution is responsible for the third-party (AMC), and they must be in compliance with the laws and regulations. The institution has a responsibility to compare the risks, costs, and benefits of using an AMC versus having an in-house selection process that is separated from the loan origination process.

In their glossary of terms (Appendix B) there is a definition of Broker Price Opinion. The definition is: "An estimate of the probable sales or listing price of a subject property by a real estate broker, sales agent, or sales person." In our last Board meeting, we had an extensive discussion on BPOs. Chair Morley had asked for an opinion from the Attorney General's office with regard to whether our statute covers activities of an

appraiser outside of an appraisal. This topic is on the list for Ms. Hardman to review, and we will have further discussion on this at a later date.

INVESTIGATIONS REPORT – Dee Johnson

Mr. Johnson introduced the three appraiser investigators who are here today: Jim Bolton, Craig Livingston, and Ken Wamsley. He said all of them are doing an excellent job.

Mr. Johnson reported in November the Division received 11 complaints; screened 2 complaints; opened 11 cases; closed 4 cases; leaving the total number of appraiser cases at 82.

We are receiving a lot of complaints now that a few years ago would never have been filed. The market has turned significantly. In the real estate industry, we have been receiving more complaints than we have ever received. Licensees are turning in other licensees. In the past, this was not the case.

A good portion of complaints received cover 2006, 2007 and 2008, and are commonly for properties that have over-valued appraisals. It has taken this long for the loans to work themselves through the system because of foreclosures, etc. We receive the same type of complaints that are relatively current (within the last year). In general, these cases are less serious. The more serious cases are the older cases.

Two of our investigators have gone to a second investigator training class sponsored by the Appraisal Foundation, and paid for by the Appraisal Subcommittee. The class was mainly on report writing and learning how other states conclude their investigations. Some of our stipulations will now include things like restitution to the injured party, where we can negotiate it.

There are no stipulations to review today.

EDUCATION AND LICENSING REPORT – Mark Fagergren

Mr. Fagergren said the statistics on licensee numbers are holding their own; neither increasing nor decreasing.

There is a deadline coming up on December 31, 2010 for mortgage licensees. They have to go through a number of procedures, and have been notified by way of the Division's newsletter and website. We started the year with 9,000+ mortgage licensees and entities. As of today, 1,300+ have completed requirements for submitting renewal applications. The Division is anticipating receiving 2,000 to 3,000 more renewals coming in by the end of the year.

The Class "A" trainee registrations have 498 individuals who have been sent notifications, and to date we have had 3 who have submitted renewals. The segmented application and licensing process mandates that all of the requirements have to be met by the end of this year.

The Division is now allowing appraisers to receive continuing education credits for attending these Board meetings. The meeting room will hold only a certain number of individuals, so there will be seating on a first-come, first-served basis. As a reminder, you can only get CE credit for one Board meeting in a two-year renewal cycle, and it can be up to seven hours. Mr. Fagergren encouraged those in attendance to check the Division's calendar to see how many hearings are on the posted agendas, so as to get an idea of how many hours will be available.

Board Member Brammer asked Mr. Fagergren about individuals who have passed everything off, but have not passed the exam yet. He was wondering if a decision has been made as to how those cases will be handled. Mr. Fagergren said there had been some frustrations on having applicants wait a long time to get into a test center. He called on at least three different occasions and had the capacity expanded. This must have worked, because he has not been receiving calls from individuals complaining they can't get in to take the test. Mr. Fagergren has told the testing centers that an appraiser test-taker will take priority over a mortgage test-taker, because the appraiser test is longer and will take more time. There are only ten seats available at the test centers, so this will only be a limited capacity, because mortgage licensees have a deadline as well.

Mr. Fagergren submitted the following lists to the Board for their review:

Certified and Licensed Appraiser Applicants Approved by both Education and Experience Review Committee

Eric A. Bergstrom, CG Candidate
Mark Tarr, CR Candidate
Tonya Short, LA Candidate
Trina B. Pace, LA Candidate

Patience M. Fisher, LA Candidate
Paul West, LA Candidate
Julie Medley, CG Candidate

Certified and Licensed Appraiser Applicants Approved by Education Review Committee and Denied by Experience Review Committee

Kimberlee Jones, CG Candidate
Kristy L. Hammond, LA Candidate

COMMISSION AND INDUSTRY ISSUES

Rule Updates – Jennie Jonsson

Ms. Jonsson said Director Sabey has just become aware of an issue in the appraiser statute. Under "Duties and Powers of the Board" it states the Board has the discretion to impose a waiting period after revocation of a license before a person may act as a trainee or become re-licensed. In a following section there is a provision that says after revocation of a license there is a minimum waiting period of five years before a person can re-license, and a minimum waiting period of four years before a person may act as a trainee to gain experience for licensure. In one section it appears that the Board has discretion, and in another section it limits the discretion. The Division would ask the Board to consider whether they would be comfortable removing the minimum and leaving it to the discretion of the Board to impose any waiting period. A motion was

made to allow the Board to have discretion and remove the minimum waiting periods, and review each on a case-by-case basis. Vote: Chair Morley, yes; Vice Chair Thronsen, yes; Board Member Sjoblom, yes; Board Member Payne, yes; Board Member Brammer, yes. Motion carries.

OPEN TO PUBLIC

INFORMAL HEARINGS

10:00 Justin Cash – Experience Review
Sean Railton

11:10 Rick Lifferth – Discussion on Alternative Valuation Issues
Alan Payne

COMMISSION AND INDUSTRY ISSUES (Continued)

Ms. Jonsson continued on to discuss the draft of changes in R162-105, Scope of Authority. Motion to approve these changes and hold the changes until Ms. Jonsson has the rest of the changes in rules to submit them all at one time to Administration for review. Vote: Chair Morley, yes; Vice Chair Thronsen, yes; Board Member Sjoblom, yes; Board Member Payne, yes; Board Member Brammer, yes. Motion carries.

Ms. Jonsson passed out the existing rules, R162-2e-201, Registration Required – Qualification for Registration. The changes have been underlined for the Board to show the suggested language. Comments that were received by the public to the AMC rules were also handed out for review. These will be discussed at the January meeting.

Chair Morley closed the meeting for a brief lunch break from 12:33 p.m. – 1:08 p.m.

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1:08 Matthew Zetterquist – Experience Review

2:06 Jill Tucker-Staska – Experience Review

3:00 L. Scott Murray, Jr. – Experience Review
Eric Christensen

CLOSED TO PUBLIC

Motion to hold an Executive Session. Vote: Chair Morley, yes; Vice Chair Thronsen, yes; Board Member Sjoblom, yes; Board Member Brammer, yes; Board Member Payne, yes. Chair Morley read into the Minutes, “I hereby affirm that the sole reason for closing part of the meeting was to discuss the character, professional competence, or physical and mental health of an individual.” An Executive Session was held from 3:47 p.m. to 4:34 p.m.

Review of Lists

Deliberation on Hearings

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The Board has **approved** the following list:

Certified and Licensed Appraiser Applicants Approved by both Education and Experience Review Committee

Eric A. Bergstrom, CG Candidate

Patience M. Fisher, LA Candidate

Mark Tarr, CR Candidate

Paul West, LA Candidate

Tonya Short, LA Candidate

Julie Medley, CG Candidate

Trina B. Pace, LA Candidate

Certified and Licensed Appraiser Applicants Approved by Education Review Committee and Denied by Experience Review Committee

Kimberlee Jones, CG Candidate - denied

Kristy L. Hammond, LA Candidate - denied

The Board has extended its willingness to reconvene next week to hear any appeals filed from Ms. Jones and Ms. Hammond.

Results from Informal Hearings:

Justin Cash – approved

Matthew Zetterquist – approved

Jill Tucker-Staska – approved

L. Scott Murray, Jr. - approved

A motion was made to adjourn the meeting. Vote: Chair Morley, yes; Vice Chair Thronsen, yes; Board Member Sjoblom, yes; Board Member Brammer, yes; Board Member Payne, yes. The meeting adjourned at 4:36 p.m.