APPRAISER LICENSING AND CERTIFICATION BOARD
HEBER M. WELLS BUILDING
ROOM 210
May 23, 2012
9:00 A.M.
TELEPHONIC MEETING

MINUTES

STAFF MEMBERS PRESENT
Jonathan Stewart, Division Director
Mark Fagergren, Education/Licensing Director
Jeffery Nielsen, Chief Investigator
Xanna Hardman, Assistant Attorney General
Jennie Jonsson, Hearing Officer
Renda Christensen, Board Secretary
Carla Westbroek, Appraisal Education/Licensing Specialist
Ken Wamsley, Investigator

BOARD MEMBERS PRESENT
Craig Morley, Chair
Paul Throndsen, Vice Chair
Jeanette Payne, Board Member
Daniel Brammer, Board Member

GUESTS
Neil Jensen
Mike Carter
Brenda Pierce

The May 23, 2012 meeting of the Appraiser Licensing and Certification Board began at 9:00 a.m. with Chair Morley conducting.

Board Member Sjoblom was excused from the meeting this month.

PLANNING AND ADMINISTRATIVE MATTERS

A motion was made to accept the minutes from the April 25, 2012 meeting as written. Vote: Chair Morley, yes; Vice Chair Throndsen, yes; Board Member Payne, yes; Board Member Brammer, yes. Motion carries.

DIVISION REPORTS

DIRECTOR'S REPORT – Jonathan Stewart
Director Stewart and the Board discussed the two applicants for the Technical Review Panel, Walter H. Cudleigh III, and Julie Rawl. The name of Tyler Alderman was proposed as another name for review. A motion was made to approve Julie Rawl for the Technical Review Panel, and ask Tyler Alderman to send in a resume for review. Vote: Chair Morley, yes; Vice Chair Throndsen, yes; Board Member Payne, yes; Board Member Brammer, yes. The motion carries.

A question was recently asked of the Division from a company wondering if they should register as an AMC. The company provides a software program to lenders. They do not manage a panel of appraisers or receive appraisal orders. This company hosts a software program that allows a lender to create its own panel of appraisers, which then is used to connect lenders and appraisers for work. The company gets paid 10% per appraisal. Currently, the Division does not have a definition of what a "broker" is, so Director Stewart is asking the Board for their suggestions. After discussion, the Board said they do not believe that this company would fit the definition of an AMC.

Director Stewart said as a follow-up to the Panel discussion on reciprocity issues heard during the 2012 Spring AARO conference, the real property appraiser regulatory agencies are being requested to respond to a survey. Effective July 1, 2013 the ASC will begin reviewing State Programs for compliance with the following three requirements. Over the next two years, the ASC will monitor States' efforts to implement the requirements. There are three draft options to choose from to be in compliance:

1. Reciprocity shall automatically be granted to an appraiser who is credentialed in an AQB compliant state;
2. Reciprocity shall be granted if the appraiser is credentialed in an AQB compliant state ***and*** the appraiser separately satisfies any requirements of the receiving state that exceed those of the sending state; and
3. Reciprocity shall be granted ***only*** if the appraiser is credentialed in an AQB compliant state that has been determined to meet or exceed the requirements of the receiving state (i.e., there are no additional requirements of the receiving state to satisfy because they have satisfied them all as part of the credentialing process of the sending state).

Director Stewart will e-mail the specific language to the Board for their review. After reviewing the choices, the Board Members will contact Director Stewart with their vote.

<u>ENFORCEMENT REPORT</u> – Jeffery Nielsen
Mr. Nielsen said in the month of April the Division received 9 complaints; opened 10 cases; closed 15 cases; leaving the total number of appraiser cases at 62.

There are no stipulations to review today.

Mr. Nielsen said a change will be taking place on the monthly statistics report. Investigators have been keeping on their active statistics cases they are not actively investigating until a stipulation or hearing has been held on the respondent. The change will be that if the case has been referred for a hearing, it should not be on the report under active cases. He expects to have a higher number of case closures that probably will include multiple cases against single individuals. These cases will be transferred to a new list under "Xanna" or "Judi" so these cases can be tracked as cases pending for hearings.

<u>EDUCATION AND LICENSING REPORT</u> – Mark Fagergren
Mr. Fagergren said the statics show the numbers are about the same as last month's numbers.

The Division's Caravan has concluded. One of the slides shown in the presentation shows the age of Utah appraisers and the percentages of those who are over 50 years old. The audience of

mainly real estate licensees is concerned on what the future holds. Concerns are that fewer appraisers will mean that the fees will be higher, or that there will be long delays on completing work.

Mr. Fagergren said one of the investigators received a call letting us know that there were many mortgage files being loaded in a dumpster behind a building. The investigator went up there to check only to find that it wasn't mortgage files, it was old appraiser files. An appraiser that was moving had dumped some old files in the dumpster. There are recordkeeping requirements in our rules that state you will retain a true copy of the records for five years, or two years beyond litigation. The question is, was this an appropriate manner of disposal?

Under the mortgage rules there is a specific rule on record disposal. At the end of the retention schedule a person shall destroy personal information by shredding, erasing, or otherwise making the information indecipherable. Ms. Jonsson said there is a state statute that requires any business that attains a person's personal information to destroy it and make it completely unattainable when the records are discarded. Under USPAP, an appraisal is deemed a confidential product and, as such, should probably be disposed of in a specific way. After discussion, it was decided that from a public protection standpoint the records should be rendered unusable, and an article on this subject will be in the next Division newsletter.

Mr. Fagergren presented the following lists to the Board:
Certified and Licensed Appraiser Applicants Approved by both Education and Experience Review Committees:
Steven J. Nichols, CG candidate
Brenda Pierce, CR candidate

Certified and Licensed Appraiser Applicants Approved by Education Review Committee and Denied by Experience Review Committee:
Grant S. Jones, CR candidate

Discipline List for Board's Consideration:
Kyle C. Hansen, CR renewal
Christopher G. Davis, Main Control Person
Greg S. Hammond, Main Control Person
Louis Loquasto, Control Person
Michael Ryan Moore, Control Person
Troy A. Campbell, Renewal of Main Control Person
Jay A. Joseph, Renewal of Control Person

COMMISSION AND INDUSTRY ISSUES
Discussion: Update on Proposed Rules – Jennie Jonsson
Ms. Jonsson said the Division is adding a "Drop Box" feature to the website where we will be able to scan materials for hearings or meetings, and then notify the Board by e-mail that the documents are there for review. The Board will then be able to view them electronically, and we will have a few hard copies for reference at the hearings/meetings.

The AMC rules that establish administrative procedures were opened for public comment in the month of April. May 1, 2012 was the last day for comments, and we did receive comments

from Rels Valuation that day. Outside of the public comment period, we did receive public comments from CoreLogic Valuation Services. Because CoreLogic's comments were received after the public comment period had closed, the Board is not required to consider them. CoreLogic's comments actually duplicate those submitted by Rels Valuation.

A summary of those comments are:

1. Cease & Desist Orders. These orders are appealable, and the rules state that an appeal from a Cease & Desist will be held in an informal proceeding.

The comment is that this should be a formal proceeding. It was felt that any appeal of the Cease & Desist decision should be appealable to the Board. The reason for that is because it can happen much more quickly, and without as much expense compared to going before an Administrative Law Judge. Ms. Hardman said that the AMC statute also does not provide authority for the Board to delegate any matters to an Administrative Law Judge.

2. Application Process. A rule says that if the Division denies an application for being incomplete, or failure to comply with a requirement that is outlined in statute or rule, that a hearing will not be held. The Division will schedule a hearing if there are concerns about the insufficiency of an application in terms of the explanation, for example, of the AMC's system of recordkeeping, or system for insuring compliance with applicable standards, etc.

The concern is that these two are contradictory, and if an AMC is denied an application because it is arguably insufficient, the AMC wants an opportunity to defend itself. The Division feels that if an AMC submits an explanation that is it is required to submit, that the application would be considered complete. If the Division determines that if the application, for example, of the AMC's system, is not really going to insure that an appraisal adheres to standards, it would then be scheduled for a hearing. We would not be able to reject or deny an application simply because we didn't like the explanation.

A motion was made to make the rule as written effective today. Vote: Chair Morely, yes; Vice Chair Throndsen, yes; Board Member Payne, yes; Board Member Brammer, yes. Director Stewart concurs. The motion carries.

Ms. Jonsson said the committee that was established to discuss AMC bonding met last week. The committee did not have language drafted, but there was a good discussion and she is working on draft language for review.

A motion was made to close the meeting for the sole purpose of discussing the character, professional competence or physical or mental health of an individual. Vote: Chair Morley, yes; Vice Chair Throndsen, yes; Board Member Payne, yes; Board Member Brammer, yes. An Executive Session was held from 10:10 a.m. to 10:45 a.m.

CLOSED TO PUBIC

Consideration of Stipulations
Review of Lists

OPEN TO PUBLIC

The Board agreed with the Committee on their decisions:
Certified and Licensed Appraiser Applicants Approved by both Education and Experience Review Committees:
Steven J. Nichols, CG candidate - Approved
Brenda Pierce, CR candidate - Approved

Certified and Licensed Appraiser Applicants Approved by Education Review Committee and Denied by Experience Review Committee:
Grant S. Jones, CR candidate - Denied

Discipline List for Board's Consideration:
Kyle C. Hansen, CR renewal – Renewal is approved, but an investigative case will be opened.
Christopher G. Davis, Main Control Person - Approved
Greg S. Hammond, Main Control Person - Approved
Louis Loquasto, Control Person - Approved
Michael Ryan Moore, Control Person - Approved
Troy A. Campbell, Renewal of Main Control Person - Approved
Jay A. Joseph, Renewal of Control Person – An order will be issued to the AMC

A motion was made to adjourn the meeting. Vote: Chair Morley, yes; Vice Chair Throndsen, yes; Board Member Payne, yes; Board Member Brammer, yes. The motion carries. The meeting adjourned at 10:50 a.m.