State Board of Certified Real Estate Appraisers February 13, 2020

BOARD MEMBERS:

Joseph D. Pasquarella, Chairman, Professional Member - Absent

Jeffrey L. Walters, Vice Chairman, Professional Member

Eric M. Lehmayer, Secretary, Professional Member

John Ausherman, Professional Member Martha H. Brown, Esquire, Secretary of the

Commonwealth designee Merna T. Hoffman, Esquire, Deputy Attorney General, Office of Attorney General Designee - Absent Mark Smeltzer, Professional Member - Absent Paul H. Wentzel Jr., Senior Legislative Director,

Department of Banking and Securities designee

BUREAU PERSONNEL:

Ronald K. Rouse, Esquire, Board Counsel Ray Michalowski, Esquire, Board Prosecution Liaison Heidy M. Weirich, Board Administrator Marc Farrell, Deputy Policy Director, Department of State

ALSO PRESENT:

Steve Howe, CPE, Assessors' Association of Pennsylvania

R. Scott Hartman, SRA, Vice President, Valuation & Consulting Services/Appraisal Institute

3 * * * 1 State Board of Certified 2 3 Real Estate Appraisers 4 February 13, 2020 * * * 5 6 The regularly scheduled meeting of the State Board of Certified Real Estate Appraisers was held on Thursday, February 13, 2020. Jeffrey L. Walters, Vice Chairman, Professional Member, officially called the 10 meeting to order at 9:09 a.m. A roll call was taken. * * * 11 12 Evacuation Announcement 13 [Heidy M. Weirich, Board Administrator, reviewed the 14 emergency evacuation procedures for One Penn Center.] 15 16 Approval of minutes of the December 19, 2019 meeting 17 VICE CHAIRMAN WALTERS: 18 There appears to be a bit of a 19 discrepancy for the minutes from 20 December 19, 2020. 21 MR. ROUSE: 22 At this point, we will table the minutes 2.3 and come back to the minutes at the next 2.4 regularly scheduled Board meeting to 25 approve the minutes.

1

2 Report of Prosecutorial Division

3 | [Ray Michalowski, Esquire, Board Prosecution Liaison,

4 informed the Board that there were less consent

5 agreements, and the remedial program was going well.

Mr. Michalowski requested Board approval to send

Jessica Zukoski to the Level I Investigator Training

course and the 15-hour Uniform Standards of

Professional Appraisal Practice (USPAP) course paid by

10 The Appraisal Foundation.

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Mr. Michalowski addressed trends regarding appraisals, including reporting-type issues. He also noted seeing a consistent problem with probably greater than 50% of the appraisers relating to the request of Appraisal Management Companies (AMCs). He noted failure of appraisers to keep copies of every version of their appraisal in their work file, which would cause problems when a complaint was filed and there was only one version.

Mr. Michalowski explained that it was not every time a change was made in an office but any time any version had gone outside of their office. He suggested professional members in the audience pass the information along to their professional associations as well. He noted it to be a

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   recordkeeping violation not worthy of prosecution at
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2
   this point but may be a violation in the future.
3
   suggested providing the information in an article in a
 4
   newsletter.
5
        Ms. Weirich offered to email the article to
6
   individuals and for the website.
        Mr. Michalowski will ask Dan Bradley or Brian to
   work with him to construct an article on the more de
   minimis issues.
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                              * * *
11
   MS. BROWN:
12
                  I make a motion that the Board approve
13
                  to send a law clerk from the prosecution
14
                  division for training with The Appraisal
15
                  Foundation and for the 15-hour USPAP
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                  course.
17
   MR. AUSHERMAN:
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                  Second.
19
   VICE CHAIRMAN WALTERS:
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                  Call the vote. All in favor?
                                                  Those
21
                  opposed?
22
   [The motion carried unanimously.]
2.3
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   Report of Board Counsel
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   [Ronald Rouse, Esquire, Board Counsel, noted the
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1 application for a certified general appraiser to be 2 discussed during Executive Session.

2.3

Mr. Rouse addressed Act 41 regarding licensure by endorsement that provides a way for Boards and Commissions of the Bureau of Professional and Occupational Affairs to grant a Commonwealth-issued license to applicants currently licensed or certified in other jurisdictions.

Mr. Rouse stated Act 41 would reduce unnecessary barriers to licensure for new residents, military spouses, and other individuals who wished to work in the Commonwealth of Pennsylvania. He noted the need to consider whether the education and training qualifications for applicants of the jurisdiction where someone currently holds an active license were substantially equivalent to the education and training qualifications required of applicants in this Commonwealth and whether the person was competent to perform their job without discipline.

Mr. Rouse noted the State Board of Real Estate
Appraisers had discussed amendments to its regulations
to support licensure by endorsement of assessors who
are licensed or certified in other jurisdictions.

Mr. Rouse stated an assessor is a person who is responsible for the valuation of real property for ad

valorem tax purposes and addressed sections § 458.5 and § 458.6 of the Assessors Certification Act.

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Mr. Rouse noted, currently under the Assessors

Certification Act and corresponding regulations, there
is no mechanism by which the Board may grant a license
to an individual from a reciprocal state who desires
to become an assessor in the Commonwealth.

Mr. Rouse stated the Commonwealth's training and examination of assessors was geared toward

Pennsylvania standards and Pennsylvania law, and the Board proposed to evaluate whether the standards and qualifications of other jurisdictions were substantially equivalent to those of the Commonwealth on a case-by-case basis.

Mr. Rouse stated the Board can access information from the International Association of Assessing Officers, which provides a listing of each states' requirements for the licensing or certification of assessors.

Mr. Rouse referred to the drafted amendment to regulations for Certified Pennsylvania Evaluators, which would allow the Board to issue a license by endorsement under Act 41 if an applicant holds a current certificate or license as an assessor from a jurisdiction with requirements that are substantially

equivalent to the Commonwealth and if an applicant can demonstrate competency as an assessor.

Mr. Rouse noted an applicant for licensure by endorsement must demonstrate competency by either successful completion of 28 hours of continuing education courses related to assessment and appraisal practices and successful completion of a comprehensive examination covering all phases of the appraisal process and assessment function established by the assessment standards of the Commonwealth of Pennsylvania.

Mr. Rouse mentioned a person could also demonstrate competency by having experience in the profession or occupation for at least 2 of the last 5 years in another state and having successfully completed a comprehensive examination covering all phases of the appraisal process and the assessment and function established by the assessment statutes of the Commonwealth of Pennsylvania.

Mr. Rouse referred to the proposed § 36.225, licensure by endorsement under Act 41. He referred to § 36.225 (a)(1), that a person has a current license, certification, registration, or permit in good standing to practice in another jurisdiction whose standards are substantially equivalent to those

established by the Board of Certified Real Estate
Appraisers under § 458.5 relating to qualifications
and § 458.6 relating to certification under the act.
He noted an applicant must submit a copy of the
current applicable law, regulation or other rule
governing licensure, certification, registration, or
permit requirements and scope of practice in the
jurisdiction that issued the license, certificate, or
permit. He stated the documentation must include

Mr. Rouse asked for the Board's opinion regarding language, noting it was written to allow the Board to analyze each state on a case-by-case basis.

enactment date of law, regulation, or other rule.

Mr. Lehmayer questioned whether individuals have to take the Pennsylvania exam if they met the other qualifications.

Mr. Rouse noted the Board wanted individuals to take the Pennsylvania exam because the assessor's exam here is Pennsylvania-specific, as other states' exams are often state-specific. He mentioned the Board wanted to make sure the person understands how to operate in Pennsylvania as an assessor and understands Pennsylvania laws.

Ms. Brown commented, once an individual meets the basic criteria of equivalency, they have a choice of

either experience and exam or education and exam.

2.2

Mr. Rouse addressed provisional licensure, which would allow a person who has not complied with all of the aspects of Act 41 to have up to a year to comply with those aspects.

Steve Howe, CPE, Assessors' Association of
Pennsylvania, agrees with reviewing individuals on a
case-by-case basis to see their competency level,
because each state or Commonwealth that has
regulations that govern assessors are quite different.

Mr. Howe expressed a concern as to who would review the experience of a particular individual and whether or not they have a competency to perform assessment work in the Commonwealth. He stated Certified Pennsylvania Evaluators (CPEs) do not have representation on the Board, and he was not sure if anyone on the Board understands what needs to be done to make a determination regarding qualifications.

Mr. Rouse explained the Board would consider people who actually have been assessors in another jurisdiction and practicing in that other jurisdiction without discipline and whether the qualifications of another jurisdiction are substantially equivalent to Pennsylvania. He mentioned that competency would be the fact that they have worked in another jurisdiction

for at least 2 of the 5 years before they applied.

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Ms. Brown commented that the examination really establishes the competence. She noted the importance of considering whether individuals were licensed and have the experience or completed the 28 hours of continuing education as well as being licensed, noting that both of those categories of individuals would need to pass that minimum competency exam that tests Pennsylvania law and Pennsylvania practice.

Mr. Howe noted there would not be many of these applications, and it would not be difficult or a hardship for anyone to make an investigation of their prior employer.

Mr. Lehmayer questioned who would review the application after it was submitted. Ms. Weirich explained that Board staff would review the application to see if an individual meets qualifications and then would go to counsel for final approval.

Mr. Rouse also noted that any problems would be brought before the Board to make a determination.

Mr. Rouse mentioned the Board would have to vote on the annex as written or without amendments and whether this could go out as an exposure draft, in which case there would be comments from the public.]

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   MR. ROUSE:
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                  We need a motion approving the annex and
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                  directing counsel to release this as an
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                  exposure draft.
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   VICE CHAIRMAN WALTERS:
                  Do we have a motion?
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   MR. WENTZEL:
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                  I'll make that motion.
11
   MS. BROWN:
                  I'll second the motion.
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   VICE CHAIRMAN WALTERS:
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14
                  We have a motion and a second. What is
15
                  the motion again?
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   MR. ROUSE:
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                  It's to approve the annex for the
18
                  certified Pennsylvania evaluator
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                  licensure by endorsement and to release
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                  this as an exposure draft.
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   VICE CHAIRMAN WALTERS:
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                  Those that approve? Those against?
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   [The motion carried unanimously.]
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    [Mr. Rouse stated National Real Estate Appraiser
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Appreciation Day was on January 7, 2020. He mentioned
David Bunton, President of The Appraisal Foundation,

commemorated this occasion by writing a letter to the
United States House of Representatives and the United
States Senate encouraging them to support the
appraisal profession by strengthening the
congressional content of the Financial Institutions
Reform, Recovery, and Enforcement Act (FIRREA) and

Reform, Recovery, and Enforcement Act (FIRREA) and giving appraisers the backing and tools needed to protect the safety and soundness of real estate transactions.

2.3

Mr. Rouse noted that Mr. Bunton expressed a concern over the number of real estate transactions that currently do not require an appraisal by a certified appraiser, noting that only 10-15% of all mortgage transactions backed by the federal government are currently subject to the protections enacted by congress. Mr. Bunton also noted that the de minimis threshold under which the Federal Government does not require appraisals had increased from \$50,000 in 1990 to \$400,000 today, where in many of these instances, evaluations are permitted instead of appraisals.

Mr. Rouse stated Mr. Bunton also noted that over the years, federal agencies have determined that 13 types of transactions are no longer considered

federally related, and the introduction of alternative valuation products, including automated valuation models, had reduced the use of certified appraisals.

Mr. Rouse commented that Congress had requested the Government Accountability Office to conduct a study pertaining to the 1989 law that set up appraisal regulations, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Mr. Rouse mentioned a study requested by

Congresswoman Maxine Waters and Congressman Lacy Clay

Jr., will focus on federal practices that exempt many

real estate transactions from appraisals to help

protect tax payers and homebuyers. They also asked

the Government Accountability Office to look into

federal agencies' implementation of Title XI of

FIRREA.

Mr. Rouse referred to the Appraiser

Qualifications Board's (AQB) first exposure draft of

Licensed Residential Scope of Practice, noting it to

be an item for a public meeting that already took

place on February 7, 2020.]

23 Report of Board Chairman

24 [Jeffrey L. Walters, Vice Chairman, Professional

25 Member, referred to correspondence from the Coalition

of Pennsylvania Real Estate Appraisers (CPREA).

1.3

R. Scott Hartman, SRA, Vice President, Valuation & Consulting Services/Appraisal Institute, stated the Appraisal Institute's Board of Directors to the CPREA Board reacted very strongly based on the Board's strong reaction in December to House Bill 21. He commented that they have not penned their letter yet to support either Senate Bill 491 or House Bill 1032 for companion legislation, which is the bill package that grants assessors two seats on this Board, but it does not relate to home inspectors. He mentioned that to be the Appraisal Institute's original intention until House Bill 21 was modified with the home inspectors.

Mr. Hartman stated Senate Bill 491 and House Bill 1032 were developed by the Local Government Commission. He mentioned the Local Government Commission had been pressing the legislature to put one or two assessors onto this board for six years. He commented that the drafters of House Bill 21 tried to use the need to put assessors on this board as a vehicle to also piggyback putting the home inspectors underneath the purview of this board. He noted the Board was adamant in not agreeing with that in December, and the Appraisal Institute withdrew

support.

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Mr. Hartman mentioned miscommunication between

Justin Reis and himself during a transition, where he
thought House Bill 21 had been vetted by the Board.

Mr. Ausherman requested clarification on whether House Bill 21 passed the House and is in the Senate.

Mr. Hartman noted that to be correct but did not think House Bill 21 would go anywhere in the Senate right now. He stated Representative James and Representative Moul are on the Local Government Commission and the prime sponsors of House Bill 1032, and Senator Ward and Senator Hutchinson are on the Local Government Commission from the Senate side for Senate Bill 491, who are trying to solve the problem by saying there is a republican and a democrat on both sides who are proposing identical pieces of legislation to do one thing and one thing only, which is to put two folks onto this Board.

Mr. Wentzel questioned whether there was anyone who is pushing the home inspector bill other than the staff of the House Committee. Mr. Hartman explained that one can surmise that the realtors are still strongly in favor of the bill because all of the members of the Pennsylvania Association of Realtors, who are in the House, are cosponsors. The prime

- 1 | sponsor is Senator Helm with Derenda Updegrave, who
- 2 was formally the lobbyist for the realtors and now
- 3 | Chief of Staff for Senator Helm. He noted their
- 4 request for a meeting, stating the Appraisal
- 5 | Institute's position is very clear in writing to have
- 6 | withdrawn support and will lobby against them if
- 7 | necessary.
- 8 Mr. Hartman does not believe Senator Tomlinson
- 9 | will move that bill out of the Senate Consumer
- 10 Protection and Professional Licensure Committee based
- 11 on his past history, because he tends to not move
- 12 bills when the industry is not in agreement.
- 13 Mr. Ausherman questioned why there was bipartisan
- 14 | support in the House. Mr. Hartman explained that
- 15 nobody objected to the bill, noting it became a trade
- 16 bill or trade legislation.
- 17 | Vice Chairman Walters questioned what could be
- 18 done as individual appraisers to essentially mount an
- 19 opposition to House Bill 21. He commented that it
- 20 | would distract from their primary mission to provide a
- 21 regulation of appraisers and property valuators. He
- 22 | noted giving assessors two seats makes perfect sense,
- 23 but home inspectors have no place on the Board.
- 24 Mr. Hartman commented that the solution would be
- 25 to take home inspectors out of the bill and put them

under engineers.

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Mr. Rouse cautioned the Board against weighing in on this matter as this has to do with the Board. He noted the need to discuss the issue further in Executive Session.

Marc Farrell, Deputy Policy Director, Department of State, stated the department and the Governor's Office opposed House Bill 21.

Ms. Weirich will provide Mr. Farrell a copy of the letter Vice Chairman Walters wrote.

Vice Chairman Walters referred to the Real Estate
Degree Review Program.

Mr. Rouse mentioned prior discussion regarding the real estate degree review program. He commented that Chairman Pasquarella noted it to be a service that the Appraiser Qualifications Board (AQB) provides to colleges and universities for real estate degree programs. He noted AQB looks at a college's real estate degree program and makes a determination of whether any of those credits coincide with course hours.

Mr. Rouse stated AQB will inform the schools whether a particular degree was certified, had the credits, and what was missing in terms of educational requirements. He noted the Board would need to decide

1 | whether or not to accept the credits of graduates of

- 2 AQB-approved schools to go toward satisfying the
- 3 | Commonwealth's education requirements for a certified
- 4 real estate appraiser applicant, residential, general,
- 5 or trainee.]
- 6 MR. ROUSE:
- We need a vote on whether the Board is
- going to accept credit hours for
- 9 graduates of AQB-approved real estate
- 10 degree programs toward satisfying the
- 11 Commonwealth's education requirements
- for certified general real estate
- appraiser, certified residential real
- estate appraiser, and licensed appraiser
- 15 trainee.
- 16 MR. LEYMAYER:
- 17 I'll make that motion.
- 18 VICE CHAIRMAN WALTERS:
- 19 Second?
- 20 MR. WENTZEL:
- 21 I'll second it.
- 22 VICE CHAIRMAN WALTERS:
- 23 Any further discussion? Motion to
- approve, say aye? Those opposed?
- 25 [The motion carried unanimously.]

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2 Report of Board Administrator - No Report

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4 Matters for Discussion

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5 | [Heidy M. Weirich, Board Administrator, noted

6 applications for review during Executive Session. She

mentioned to cross off Item No. 12, because it was

8 under Item No. 2 on the agenda.

Ms. Weirich mentioned submitting approval to attend the 2020 Association of Appraiser Regulatory Officials (AARO) Conference April 3-5, 2020, in San Antonio, TX, for Chairman Pasquarella, Mr. Walters,

13 Mr. Ausherman, Mr. Rouse, and herself.]

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15 [Pursuant to Section 708(a)(5) of the Sunshine Act, at

16 10:18 a.m. the Board entered into Executive Session

17 | with Ronald K. Rouse, Esquire, Board Counsel, to have

18 attorney-client consultations and for the purpose of

19 | conducting quasi-judicial deliberations. The Board

20 returned to open session at 12:04 p.m.]

21 ***

22 MOTIONS

23 MR. ROUSE:

Pursuant to Section 708(a)(5) of the

Sunshine Act, the Board entered into

Executive Session with Board counsel to have attorney-client consultations and for the purpose of conducting quasi-judicial deliberations.

Item No. 2 and Item No. 12 on the agenda, the Application for Certified General Appraiser of <u>Jane Grace Utzman</u>. I believe there is a motion to direct Board counsel to draft a letter consistent with the discussions in executive session. Is there such a motion?

13 MR. WENTZEL:

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14 So moved.

15 MR. ROUSE:

16 Is there a second?

17 MR. AUSHERMAN:

18 Second.

19 VICE CHAIRMAN WALTERS:

Call the vote. Those in favor? Those

21 opposed?

22 [The motion carried unanimously.]

23 ***

24 MS. BROWN:

I make a motion that the Board

22 provisionally deny the Application for 1 2 Certified Residential Appraiser of 3 Ronald Birkmire III. VICE CHAIRMAN WALTERS: 4 5 Is there a second? 6 MR. WENTZEL: Second. 8 VICE CHAIRMAN WALTERS: All those in favor? Those opposed? 10 [The motion carried unanimously.] * * * 11 MS. BROWN: 12 I move that the Board table the 13 14 Application for Certified Residential 15 Appraiser of J. Paul O'Connor. MR. LEHMAYER: 16 17 So moved. VICE CHAIRMAN WALTERS: 18 19 Those in favor? Those opposed? 20 [The motion carried unanimously.] * * * 21 22 MS. BROWN: 2.3 I make a motion that the Application for 24 Certified General Appraiser of Kendra 25 Dillon-Johns be granted.

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1
   MR. WENTZEL:
2
                  Second.
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   VICE CHAIRMAN WALTERS:
                  Call the vote. Those in favor?
 4
                                                     Those
5
                  opposed?
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   [The motion carried unanimously.]
                               * * *
   MS. BROWN:
                  I make a motion that the Application for
10
                  Certified General Appraiser of Alec
                  Victor Werner be granted.
11
12
   MR. AUSHERMAN:
13
                  Second.
   VICE CHAIRMAN WALTERS:
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15
                  Call the vote. Those in favor?
                                                     Those
16
                  opposed?
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   [The motion carried. Mr. Walters recused himself from
18
   deliberations and voting on the motion.]
                               * * *
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   MS. BROWN:
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                  I move that the Board form a committee
22
                  to review applications, and that
2.3
                  committee should consist of Jeff Walters
24
                  and John Ausherman.
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   MR. WENTZEL:
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1 I'll second.

2 MR. ROUSE:

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If the Application Committee needs legal advice, they could always call Board counsel. In terms of the Application Committee, I believe the motion is to form this Application Committee. There are two names brought before the Board as potential members of that committee, and both would serve at the same time on that committee.

12 VICE CHAIRMAN WALTERS:

Call the vote. Those in favor? Those

14 opposed?

15 [The motion carried unanimously.]

16

17 Public Comment/Discussion

18 | [Eric M. Lehmayer, Secretary, suggested the requests

19 to review course applications be reassigned to another

20 person.

2.4

21 Ms. Weirich noted that requests to review course

22 applications alternate between professional members,

23 and Mr. Ausherman will probably be doing them now too.

* * *

25 | Continuing Education Committee - Tabled

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 2
   Adjournment
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   VICE CHAIRMAN WALTERS:
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                   Is there a motion to adjourn?
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   MR. WENTZEL:
 6
                   So moved.
 7
   MS. BROWN:
                   Second.
 9
   VICE CHAIRMAN WALTERS:
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                   All those in favor?
11
   [The motion carried unanimously.]
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                                * * *
13
   [There being no further business, the State Board of
14
   Certified Real Estate Appraisers Meeting adjourned at
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   12:11 p.m.]
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I hereby certify that the foregoing summary minutes of the State Board of Certified Real Estate Appraisers meeting, was reduced to writing by me or under my supervision, and that the minutes accurately summarize the substance of the State Board of Certified Real Estate Appraisers meeting.

CERTIFICATE

Derek Richmond,

Minute Clerk

Sargent's Court Reporting Service, Inc.

			27
1 2 3		STATE BOARD OF CERTIFIED REAL ESTATE APPRAISERS REFERENCE INDEX	
4 5 6		February 13, 2020	
7 8	TIME	AGENDA	
9	9:09	Official Call to Order	
11 12	9:09	Roll Call	
13	9:10	Report of Prosecutorial Division	
15 16	9:18	Report of Board Counsel	
17 18	9:55	Report of Board Chairman	
19 20 21	10:17	Matters for Discussion	
22 23	10:18 12:04	Executive Session Return to Open Session	
24 25 26	12:04	Motions	
27	12:09	Public Comment/Discussion	
28 29 30	12:11	Adjournment	
31 32			
33 34			
35 36			
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41 42			
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