"West Virginia Real Estate Appraiser Licensing and Certification Board

MINUTES

June 10, 2015

The West Virginia Real Estate Appraiser Licensing and Certification Board held a meeting on June 10, 2015 in the 4th Floor Conference Room located at 405 Capitol Street, Charleston, WV 25301.

The following Board Members were in attendance: Glenn Summers, Chair; David Shields, Vice-Chair; Dale Dawson-Clowser; The Honorable Anthony Julian and Linda York and absent was Mary Beth Aliveto. The following staff members were in attendance: Sandy Kerns, Executive Director; and Chasidy Minor.

The meeting was called to order at 10:05 am.

Reading of the Minutes

Minutes from the April 15, 2015 board meeting were reviewed. Minutes were amended concerning the discussion regarding a possible raise for the Board's legal counsel.

The following paragraph under "New Business" is amended as follows:

From – "Ms. Kerns presented the Fiscal Year 2016 Expenditure & Revenue Budget. Discussion was held regarding the proposed budget. Ms. Kerns was directed to amend several expenditure line items prior to submitting the budget, including OASIS Expenditure Code 3206 (contracts), which would allow for a possible raise for the Board's legal counsel. A discussion was then held regarding the possible raise for legal counsel and the mechanism for such. The Board directed Ms. Kerns to communicate with the AG's Office and to report findings to the Board. A motion approving the budget was made by Linda York and seconded by Ms. Dawson-Clowser. Motion carried."

To – "Ms. Kerns presented the Fiscal Year 2016 Expenditure & Revenue Budget. Discussion was held regarding the proposed budget. Ms. Kerns was directed to amend several expenditure line items prior to submitting the budget, including OASIS Expenditure Code 3206 (contracts). A motion approving the budget was made by Linda York and seconded by Ms. Dawson-Clowser. Motion carried."

A discussion was then held regarding the possible raise for legal counsel and the mechanism for such. The Board directed Ms. Kerns to communicate with the AG's Office and to report findings to the Board."

A motion was made by the Honorable Judge Julian to approve the April 15, 2015 Board Minutes as amended. Linda York seconded the motion. Motion carried.

Member of the Public Presentation

Lori Noble, a West Virginia Certified Residential Appraiser and President of the WV Council of Appraisal Professionals (WVCAP) gave an informative presentation regarding WVCAP. Board members and Ms. Noble discussed possible ways WVCAP members could work with the Board regarding future rule and code changes. Ms. Noble will ask WVCAP members to submit suggested changes to the Board.

Linda York made the motion to move the board into Executive Session for the purpose of discussing Standards and Upgrades. Executive Session began at 11:35 am. The Honorable Judge Julian seconded the motion. Motion carried.

At 12:05 pm David Shields made the motion to come out of Executive Session and the Honorable Judge Julian seconded the motion. Motion carried.

Committee Reports

Standards Committee:

The Standard Committee met on May 5, 2015. The Committee did not meet in June. Board members were provided a list of open complaints for review from the Standard Committee.

Complaint Number 14-012- Board received phone calls from individuals inquiring if the Board was aware of the alleged involvement of the appraiser in an arson and insurance fraud scheme, in which several others were convicted and sentenced to prison, and further inquired if the board was going to take any action. Standards conducted an investigation in which it appears that the appraiser was a participant in the arson and insurance fraud scheme, but was granted immunity from prosecution in exchange for his cooperation. Standards Committee recommends that probable cause be found that the appraiser violated the ethics section of the Practice Act, which requires an appraiser to have a good reputation for honesty, truthfulness and fair dealing. Further, it is recommended, that the appraiser be offered the options of surrendering his license, or appearing at an informal conference to discuss the matter before formal charges are filed by the licensing board.

Complaint Number 14-013- Board received phone calls from individuals inquiring if the Board was aware of the alleged involvement of the appraiser in an arson and insurance fraud scheme, in which several others were convicted and sentenced to prison, and further inquired if the board was going to take any action. Standards conducted an investigation in which it appears that the appraiser was a participant in the arson and insurance fraud scheme, but was granted immunity from prosecution in exchange for his cooperation. Standards Committee recommends that probable cause be found that the appraiser violated the ethics section of the Practice Act, which requires an appraiser to have a good reputation for honesty, truthfulness and fair dealing. Further, it is recommended, that the appraiser be offered the options of surrendering his license, or appearing at an informal conference to discuss the matter before formal charges are filed by the licensing board.

Complaint Number 14-017- Complaint involves appraisals completed for mortgage loans purchased from one of the WVHDF's brokers from January 2013 through August 2014. The WVHDF quality control manager conducted a review of these appraisals and believed the appraisals contain substantial errors and/or omissions that may have significantly affected the appraisal value of the subject properties in violation of the 2012-2013 Edition of USPAP for. Comparable properties were used more than once with inconsistent data. The Standards Committee held an informal conference with the appraiser and his legal counsel on May 5, 2015. Standards Committee recommends that probable cause be found that the appraisers violated several USPAP standards, including but not limited to the Ethics Rule and a formal complaint be initiated. However, should the appraiser desire to resolve the matter without ligation, the Board would offer a consent decree requiring the appraiser attend a sales comparison course and reimburse the Board for costs.

Complaint Number 15-002- A 2014-2015 License Renewal Application for a Certified General Real Estate Appraiser license was received but did not disclose any civil actions in response to question 4, which lack of disclosure constituted an assertion that no court actions were pending against appraiser. The Standards Committee reviewed additional information presented by legal counsel for the appraiser as well as information from opposing counsel. Based upon the information, it appears that the

appraiser correctly answered the renewal question. Standards Committee recommends that no probable cause found, no disciplinary violation has occurred; therefore the matter should be dismissed.

Complaint Number 15-003- A 2014-2015 License Renewal Application was submitted in which the appraiser answered yes to question 4, which asked for disclosure of any pending litigation. The appraiser_provided the board with a copy of the pending litigation along with sixteen appraisals involved in the matter. Standards Committee reviewed several of the appraisals submitted and recommended to the board that a complaint be initiated. A complaint was open and after further review and investigation_the Standards Committee recommends that no probable cause found, no disciplinary violation has occurred; therefore the matter should be dismissed.

A motion was made by David Shields and seconded by the Honorable Judge Julian to accept the Standards Committee Report. Motion carried.

Upgrades Committee

The Upgrades Committee met on May 27, 2015. The Committee's report included a review of three applications for Supervisor Certificate, one Upgrade to Certified Residential Appraiser and one Peer Review Request. In addition, one upgrade continues to be held over.

Applications for Supervisor Certificates 15-001, 15-002 and 15-003 were approved by the Committee with comments and recommendations regarding submitted work product.

Upgrade 15-004, an Application for State Certified Residential Appraiser was approved by the Committee with comments and recommendations regarding submitted work product.

The application for Supervisor Certificate 14-008 continues to be held over. The Committee members have requested to meet with the applicant to discuss the applicant's work product and the response to a letter from the Committee.

Board members noted that because the Applicant's current certificate may expire before any decision has been reached, the Applicant's current Supervisor Certificate should be extended several months while the current application is being resolved.

The Peer Review, 15-006 was completed and will be returned to the licensee with comments.

A motion was made by the Honorable Anthony Julian to accept the Upgrades Committee report. The Motion was seconded by David Shields. Motion carried.

Executive Director's Report

The Board was presented with the following reports:

- FY 2015 Expenditure/Revenue Reports for the current fiscal year, July 1, 2014 - May 31, 2015
- OASIS Reports for April and May 2015
- Purchasing Card Report
- Temporary Report

The Honorable Judge Julian made a motion to accept the Financial Report. The motion was seconded by Linda York. Motion carried.

David Shields made a motion to accept the Purchasing Card Report. Motion was seconded by Dale Dawson-Clowser. Motion carried.

The status of Appraisal Management Company (AMC) Registration Renewals was discussed during the Revenue Report. The Board received 45 Renewals by the due date of May 31, 2015 and an additional 23 since June 1, 2015, along with 4 newly registered AMCs. It is estimated the Board will average registering 75 AMCs per year in the next several years. This is based on discussions with board staff in other states, who state they see more AMCs register in the first year registration is available then see a decrease in subsequent years. Chairman Summers is concerned with the number of AMCs that are not registered in the state of West Virginia, but may be soliciting appraisers in the state. Executive Director Kerns explained it is difficult to stop such action if the Board is not made aware of specific instances when it is occurring. Also, AMCs have been cooperative about registering, once contacted.

There was a discussion regarding the Board's use of the Office of the State Treasurer's "lockbox" system. The Board was reminded that the Legislative Auditor recommended that small boards improve their internal controls for financial management by enrolling in the "lockbox" system.

Board Members were reminded that current appraiser and AMC rosters are available on the Board's website.

Legal Report

No legal report was given. Board Legal Counsel was attending a mandatory meeting at the Office of the WV Attorney General.

Old Business

Board members were provided information regarding comparison of features and prices of laptops versus iPads, which indicated that laptops would better serve the needs, especially for Standards Committee members who need to review appraisals on the devices. Confirmation was requested as to whom was to receive laptops, Standards Committee members only, or both Standards Committee members and Board members. Discussion ensued. Three additional laptops would need to be purchased to provide all members of the Standards Committee and the Board members with a laptop. A motion was made by Dale Dawson-Clowser that both Standards Committee members and Board members should receive laptops. The motion was seconded by the Honorable Judge Julian. Motion carried.

Proposed legislative rules update was provided. As no revisions were submitted by board members during prior board meetings, proposed legislation was not submitted for the upcoming legislative year. The Board's Policy Committee is to meet prior to the next Board meeting to begin reviewing policy, current rules and current statutes. Some Board policies may need to become legislation.

Examples of the pocket cards for the upcoming appraiser licensee renewals were presented for review. The cards will contain the water mark on the back like last year and they will be larger than the example provided. WV Bureau of Corrections will be providing the licenses, which can be printed on any laser printer.

Board members were presented with the following research they requested at the April 15, 2015 Board meeting:

1) States requiring an AMC recovery fund versus a surety bond: At this time it appears that Kentucky is the only state that operates with a Recovery Fund. The remaining states either require a Surety Bond, or do not have any specific requirements.

2) States that allow appraiser licensees to take all continuing education, including USPAP, online versus those requiring some continuing education to be taken in a classroom setting: Most states allow all appraiser continuing education to be taken online. Most states allow USPAP to be taken online.

New Business

Federal Financial Institutions Examination Council (FFIEC) recently approved the Minimum Requirements for Appraisal Management Companies (Rule) and released them to the public. Once all of the member agencies have approved the Rule, FFIEC will issue a press release and the rule will be published in the Federal Register. The Appraisal Subcommittee will then communicate the rule and future requirements to the state regulatory agencies.

The West Virginia Board of Risk and Insurance (BRIM) Management Loss Control Questionnaire was presented. Premium credits and surcharges are associated with the yes/no to the questionnaire. The greater the number of "yes" answers you have..., the greater the likelihood you will be entitled to a premium credit... Conversely, the greater the number of "no's..., may result in no change to your premium or in a surcharge. One question pertains to obtaining driver's license for all individuals driving for the Board. Board members agreed to provide copies of their driver's licenses for records required by BRIM to help with this purpose.

An issue arose in regards to a WV licensee who was issued a National Appraiser Exam Admittance Card in 2014 and took a National Exam in the Spring of 2015, prior to completing the experience requirements. The individual was required to retake the exam to obtain valid scores. Effective January 1, 2015 AQB Criteria, requires exam applicants to complete all experience and education prior to taking the National Exam. The Upgrades Application has been revised and placed on the website. It is now a two-stage application, requesting required documentation prior to issuing the National Exam Admittance Card.

Chairman Summers had requested research on licensing fees of appraisers in the regional area. A spreadsheet that included the amount paid for a yearly appraisal license for each license type - licensed residential, certified residential and certified general appraiser, along with the number of each type of license per state. The spreadsheet also included other fees the states collected and total revenues collected by each state.

Being no further business, the Honorable Judge Julian made a motion to adjourn the meeting. The motion was seconded by David Shields. Motion carried. Meeting adjourned at 2:43 pm.

Glenn Summers, Chair