

NEVADA COMMISSION OF APPRAISERS OF REAL ESTATE
MAY 17 , 2016 MINUTES

GRANT SAWYER BUILDING
555 E. WASHINGTON AVENUE
HEARING ROOM 4412
LAS VEGAS, NV 89101

VIDEO CONFERENCED TO:
LEGISLATIVE BUILDING
401 SOUTH CARSON STREET
ROOM 3137
CARSON CITY, NV 89701

MAY 17, 2016

9:01 A.M.

1-A) Introduction of Commissioners in attendance

In Las Vegas: Debbie Huber; Glenn Anderson.

In Carson City: David Stefan; Cynthia Hoonhout; Daniel Walsh; and Sarah Bradley as Commission Counsel.

1-B) Introduction of Division Staff in attendance

In Las Vegas: Teralyn Thompson, Administration Section Manager; Claudia Rosolen, Commission Coordinator.

In Carson City: Joseph Decker, Administrator; Michael Jory, Deputy Administrator; Brenda Kindred-Kipling, Appraisal Section Manager; Jenny Howard Tidwell and Kristi Klamet, Policy Managers from the Federal Appraisal Subcommittee.

2) Public Comment

None.

3) ADVISORY REVIEW COMMITTEE INFORMAL CONFERENCE:

3-1) NRED v. DAVID ARCHER Case No. AP14.035.N

Brenda Kindred-Kipling read the Committee Report into the record.

Ms. Kindred- Kipling stated that the Respondent agreed with the committee's recommendations.

Commissioner Stefan disclosed that he was a reviewer appraiser for the Division and will abstain from voting on this case.

Commissioner Walsh moved to accept the Stipulation for Settlement of Disciplinary Action.
Commissioner Hoonhout seconded.

Motion carried with Commissioner Stefan abstained.

3-2) NRED v. CYNTHIA JEAN HENSEL Case No. AP15.039.N

Brenda Kindred-Kipling read the Committee Report into the record.

Ms. Kindred Kipling stated that the Respondent agreed with the committee's recommendations.

Commissioner Huber moved to accept the Stipulation for Settlement of Disciplinary Action.
Commissioner Walsh seconded.

Motion carried unanimously.

3-3) NRED v. LACINDA JOHNSON Case No. AP16.002.N

Brenda Kindred-Kipling read the Committee Report into the record.

Ms. Kindred Kipling stated that the Respondent agreed with the committee's recommendations.

Commissioner Walsh moved to accept the Stipulation for Settlement of Disciplinary Action.
Commissioner Stefan seconded.

Motion carried unanimously.

3-4) NRED v. JOHN JOSLIN Case No. AP15.035.N

Brenda Kindred-Kipling read the Committee Report into the record.

Ms. Kindred Kipling stated that the Respondent agreed with the committee's recommendations.

Commissioner Huber moved to accept the Stipulation for Settlement of Disciplinary Action.
Commissioner Hoonhout seconded.

Motion carried unanimously.

3-5) NRED v. JEFFREY MICHAEL Case No. AP15.036.N

Brenda Kindred-Kipling read the Committee Report into the record.

Ms. Kindred- Kipling stated that the Respondent agreed with the committee's recommendations.

President Anderson asked if there is a course in work-file requirements.

Ms. Kindred-Kipling stated that there are few courses available.

Commissioner Huber moved to accept the Stipulation for Settlement of Disciplinary Action.
Commissioner Walsh seconded.

Motion carried unanimously.

4-A) Disciplinary Report

Teralyn Thompson presented this report. Ms. Thompson stated that the highlighted parts are the changes since the last Commission meeting. Ms. Thompson stated that on page 2 of the report Mr. Tomasini is up to date with his payments. Ms. Thompson stated that on page 3 of the report Mr.

Cunningham is up to date with his payments and on page 4 Mr. Shearer completed his discipline and will not be on the next report.

4-B) Discussion regarding Appraisal Officer's report on compliance case load for Fiscal Year 15-16, year-to-date

Brenda Kindred-Kipling presented this report. Ms. Kindred-Kipling stated that she has twenty four cases that are pending investigation and twenty eight cases that are pending for the Advisory Review Committee (AARC).

Ms. Kindred-Kipling stated that so far the Division has spent eighteen thousand five hundred dollars out of the twenty-two thousand dollars of the investigative fund. Ms. Kindred-Kipling stated that by the end of the fiscal year the Division will use all of the funds for the investigative case file contracts.

President Anderson asked if there was some type of distribution between commercial and residential cases for those funds.

Ms. Kindred-Kipling stated that the funds are used based upon needs and that the Division doesn't have a specific fund distribution between residential and commercial cases.

4-C) Discussion of Customary and Reasonable Fees in regard to the Dodd-Frank Act

Dan Byrne, 2016 president of the Coalition of Appraisers in Nevada (CAN), stated that there are 14 states that have adopted some form of legislation for customary and reasonable fees to be paid to appraisers. Mr. Byrne stated that only six of those states have a customary and reasonable fees study that has been published. Mr. Byrne stated that Texas was the oldest study and the concern that CAN has with that study is that it was done with information from appraisal management companies (AMC) and not direct lenders. Mr. Byrne stated that the Dodd-Frank Act stipulates that the AMC fees should not be considered for the study. Mr. Byrne stated that Louisiana did a meticulous study that was performed by the Southeastern Louisiana University of Business Research Center. Mr. Byrne stated that Kentucky attempted to utilize a local academic institution to complete their study, but could not find one so they used the Southeastern Louisiana University of Business Research Center to conduct the study. Mr. Byrne stated that Kentucky used the Louisiana model. Mr. Byrne stated that Georgia study was done in 2015 and was paid for by their appraiser board. Mr. Byrne stated that the study is very similar to the Louisiana one as it is broken down into counties, financing types and report types. Mr. Byrne stated that CAN feel that the one study that would be very similar and in the best interest of Nevada is the Utah study. Mr. Byrne stated that the Utah study was commissioned by a local coalition and paid for by different appraisers organizations. Mr. Byrne stated that the study was conducted by Professor Barrett Slade who holds an MAI designation from the Appraisal Institute. Mr. Byrne stated that the study was broken down into counties, financing types and report types. Mr. Byrne stated that the fee for the study was \$7,500. Mr. Byrne stated that CAN feel that Utah is demographically similar to Nevada and it would be the best suited study for this State.

Commissioner Walsh stated that the study should be conducted by an impartial group. Commissioner Walsh stated that the university would be better suited to conduct the study. Commissioner Walsh asked if the entity that will be chosen to conduct the study provide an estimate of the cost. Commissioner Walsh stated that the Commission should have a sample of all of the studies in order to be able to lay out a frame work for the study.

Mr. Byrne stated that CAN have no interest in completing the study. Mr. Byrne stated that CAN's goal is to work with the State in adopting a study and try to find a local institution to complete the study

based on the model that the Commission approves. Mr. Byrne stated that CAN agreed to fund the study and will not influence whichever institution is chosen to complete the study.

Mr. Byrne stated that CAN would contact Dr. Barrett Slade in Utah to ask permission to use Utah's model, and reach out to some local academic institutions to see if they will complete the study.

President Anderson asked why not just pursue Doctor Slade to prepare a study for Nevada.

Mr. Byrne stated that cost is going to be a factor and at the same time CAN would like to invest in Nevada.

Commissioner Hoonhout asked if the structure of the surveys that were used was similar between the different states. Commissioner Hoonhout asked if CAN have seen the surveys that were conducted.

Mr. Byrne stated that he has seen the results of the fees study. Mr. Byrne stated that the institution that completed the study used a variety of methods to gather the information. Mr. Byrne stated that one example is the Georgia study. Mr. Byrne stated that the study was interesting because their commission was financed through their appraiser board and they were given access to direct lenders.

Commissioner Walsh stated that the survey status needs to be kept current. Commissioner Walsh asked if this is going to be an ongoing thing.

Mr. Byrne stated that in the public interest and realistically an annual or biannual study would be suggested.

Commissioner Huber asked for the Division's input on this issue.

Mr. Decker stated that CAN is looking into the fee study and looking for a decision from the Division and Commission on whether or not the Division and/or Commission would support CAN pursuing this further specific funding. Mr. Decker stated that the Division would support CAN's effort in that regard.

President Anderson asked if CAN has anyone in mind locally, if they receive the permission to use Utah's model.

Mr. Byrne stated that there is potential with the Lied Institute for Real Estate Studies at University of Nevada, Las Vegas (UNLV). Mr. Byrne stated that cost wise it would be beneficial to do the study during the summer months. Mr. Byrne stated that CAN's goal would be to have the study completed by August. Mr. Byrne stated that ultimately CAN wants to get approval from the Division and the Commission before funding a study.

Commissioner Hoonhout asked if CAN is referring to August this year. Commissioner Hoonhout asked if the Commission or the Division can review the survey to see if there are things that may not be applicable to Nevada in a timely enough manner to get the survey implemented within CAN's timeframe.

Mr. Byrne stated that the Dodd-Frank Act is very vague. Mr. Byrne stated that he doesn't think that the actual survey is that complex. Mr. Byrne stated that it basically comes down to being specific to the market. Mr. Byrne stated the work is done by gathering information specific to counties, financing types and report types.

President Anderson stated that there isn't a mechanism that the Commission has to preview the methodology that is going to be used before August.

Mr. Decker stated that the Division is available to work with CAN on any ideas or frameworks that they are pursuing. Mr. Decker stated that in the end it is up to the Commission to adopt the study before being implemented and the Commission would have a chance to look at it.

President Anderson asked the commissioners if they were in favor of letting the Division make some of the decisions regarding the methodology of the study and whether or not it is appropriate.

Commissioner Stefan stated that in lieu of trying to get things done within the timeframes that CAN proposed, it would be fine with him.

Commissioner Walsh stated that his recommendation would be to have the Division work directly with CAN to develop and implement the study.

Commissioners Huber and Hoonhout stated that they agree with the other Commissioners.

4-D-1) Administrator's Report: Personnel

Joseph Decker presented this report. Mr. Decker stated that the investigator position in the north is still open and that the Division is having some trouble filling it. Mr. Decker stated that he was working with the Director's Office to try to see if they could move the position to the south. Mr. Decker stated that there is a bigger case load and greater market for hiring a person in the south. Mr. Decker stated that moving the position to the south is not possible at this time.

Commissioner Stefan asked what it would take to move that position to the south.

Mr. Decker stated that the Division would have to move a south position to the north in order to have that investigative position moved to the south.

4-D-2) Administrator's Report: Status update on LCB File No. R073-15

Teralyn Thompson stated that LCB File No. R073-15 was approved by the Legislative Commission on April 4, 2016. Ms. Thompson stated that this regulation changes NAC 645C.345 which gives an appraiser who develops a course continuing education credits for developing the course.

4-D-3) Administrator's Report: Division Update

Mr. Decker stated that the Division began working on the budget for the 2017 Legislative Session. Mr. Decker stated that the work volume has increase significantly since the last Legislative Session. Mr. Decker stated that when he started, there were twenty-four thousand licensees of all types that the Division regulates. Mr. Decker stated that the number of licensees is now over forty thousand. Mr. Decker stated that he is looking to come up with a plan for the future that addresses the exponential growth in the number of licensees, workload and economic activity in the sector rather than a biannual budget plan.

President Anderson asked if the Division is still planning to change the structure of fees distributed through the general fund versus becoming self-funded.

Mr. Decker stated that the Division does not have the option to propose converting from a general funded agency to a self-funded agency for the 2017 Legislative Session.

4-E) Discussion regarding Appraisal Subcommittee's 2016 Compliance Review

Kristi Klamet and Jenny Howard Tidwell, Policy Managers from the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council (FFIEC) were present. Ms. Klamet stated that they are in Carson City to conduct a routine compliance review of the Division. Ms. Klamet stated that they have been reviewing files and there are two items that will be in the report. Ms. Klamet stated that one of the items is in the statute that allows an applicant to take the examination before they have completed their experience requirements. Ms. Klamet stated that in January 2015 the Appraiser Qualifications Board (AQB) criteria was amended and now they require both education and experience to be completed prior to being eligible to take the exam.

Ms. Klamet stated that the other item is in the regulations and it is in regards to supervisors' qualifications. Ms. Klamet stated that since January 2015 the AQB criteria require supervisors to be certified for at least three years in the jurisdiction where the trainee is practicing. Ms. Klamet stated that both items can be fixed by adopting policies clarifying those items. Ms. Klamet stated that that they are not done reviewing enforcement and as of now there are three cases that are over one year old. Ms. Klamet stated that those are pending the Nevada Commission of Appraisers of Real Estate Advisory Review Committee (AARC) and she anticipates that by the time the final report comes out those cases will be off the table. Ms. Klamet stated that the final rule of the appraisal management company (AMC) regulations went into effect August 10, 2015. Ms. Klamet stated that states that want to implement an AMC program have until August 10, 2018 before the restrictions will begin. Ms. Klamet stated that AMCs will not be able to do federally related transactions if a state does not have an AMC program in place by that date.

Ms. Klamet stated that she encourages the Division's staff and the Commission to attend the Association of Appraiser Regulatory Officials (AARO) conference in the fall. Ms. Klamet stated that within the next month the Division/Commission will receive a preliminary report. Ms. Klamet stated that the Division/Commission has sixty days to respond. Ms. Klamet stated that the preliminary report is not public record and only the final report is public record.

President Anderson, on behalf of the Commission, commended Ms. Kindred-Kipling for doing an excellent job in keeping the State in compliance. President Anderson asked if there is funding available to send representatives to the AARO conference.

Mr. Decker stated that there is no funding available through the rest of this fiscal year. Mr. Decker stated that on July first they can assess the new budget and potentially there could be funding for one person.

4-F) For possible action: Discussion and possible action to approve the minutes of February 9, 2016 meeting

Commissioner Stefan stated that on page one the meeting date should be "February 9, 2016" not February 2, 2016.

Commissioner Huber stated that on page 5, under agenda item 6-D; the second paragraph should be "Mr. Decker stated that the Division has almost doubled" not "almost double". Commissioner Huber stated that within the same paragraph, seven lines down it should be "Mr. Decker stated that the second way the Division increased revenues was by the expedited fees" not "the expedite fees". Commissioner Huber stated that on the following paragraph; four lines down it should be "Mr. Decker stated that every Legislative Session the Division risked losing" not "risk losing".

Commissioner Stefan asked if the request for the last amends was for “risked” or “risks”. President Anderson stated that it should state “risks”.

Commissioner Stefan stated that it sounds like the Division was talking about future events as opposed to past events.

Commissioner Huber agrees with Commissioner Stefan in changing “risk losing” to “risks losing”.

Commissioner Stefan moved to approve the minutes of February 9, 2016 meeting as amended. Commissioner Huber seconded.

Motion carried unanimously.

4-G) Discussion regarding Commissioners’ speaking engagement requests

Mr. Decker stated that if a commissioner speaks publicly on behalf of the Commission it has to be approved by the Commission. Mr. Decker stated that this agenda item is an opportunity for the commissioners to disclose to the Division, the Commission, and the public information about speaking engagements.

Commissioner Huber stated that she had done some speaking engagements but she doesn’t believe that those engagements represent the Commission or its opinion.

4-H) For possible action: Discussion and possible action on date, time, place and agenda items for upcoming meeting(s)

Teralyn Thompson stated that the next Commission meetings will be October 11-13, 2016. Ms. Thompson stated that Commissioners Walsh and Huber’s terms will be expiring prior to that meeting and hopefully they will be reappointed.

President Anderson asked if the meeting is going to be in the north or in the south.

Ms. Kindred-Kipling stated that it has not been determined. Ms. Kindred-Kipling stated that the Division will have to see where they are in terms of disciplinary cases and/or settlements when the date is closer.

Commissioner Huber asked when in October the AARO conference is going to be.

Ms. Kindred-Kipling stated that the AARO conference is going to be October 21-24, 2016 in Washington, D.C.

Ms. Kindred-Kipling asked to have an item placed on the October agenda: For possible action: Discussion and decision regarding giving the Division authority to approve continuing education courses on behalf of the Commission.

Mr. Decker stated that the other two Commissions preferred to delegate authority to approve education courses to the Division and to only hear reviews or appeals of the Division’s decision.

4-I) Commissioner Comment

Commissioner Huber stated that if this is going to be her last meeting, she would like to thank the Commission and the Division. Commissioner Huber stated that it has been an honor to serve and she hopes to come back for a second term.

President Anderson stated that it is always a pleasure having Commissioner Huber and her insightfulness in terms of a lot of the issues. President Anderson stated that Commissioner Huber is an asset to the Commission and hopes that she will be reappointed.

Commissioner Walsh echoed President Anderson's comment. Commissioner Walsh stated that he hopes to be reappointed because it has been a pleasure working with the Commission. Commissioner Walsh thanked the Commission and the Division.

Commissioner Hoonhout stated that she has enjoyed working with Commissioners Huber and Walsh and hopes that they are both reappointed.

President Anderson seconded Commissioner Hoonhout's comment. President Anderson commended CAN for their help with the Dodd-Frank Act.

5) Education

CONSENT AGENDA

5-1) Appraisal Institute

- a. 2016 Annual Conference Session – Day 2 AM, 3 hours
- b. 2016 Annual Conference Session – Day 2 PM, 4 hours
- c. 2016 Annual Conference Session – Day 3, 4 hours

5-2) American Society of Farm Managers & Rural Appraisers

- a. Western Ranch Appraisal Symposium, 16 hours
- b. Appraising AG Facilities: Poultry Seminar, 8 hours
- c. Wind Powered Electric Generators, 8 hours
- d. Appraising Natural Resources, 8 hours
- e. Appraising Rural Residential Properties, 8 hours

5-3) American Society of Farm Managers & Rural Appraisers – CA Chapter

- a. Outlook 2016 Agribusiness Conference, 7 hours

5-4) The Columbia Institute

- a. 2016 Appraisal Summit & Expo Day 1, 7 hours
- b. 2016 Appraisal Summit & Expo Day 2, 7 hours
- c. Constructing the Professional Report From A-Z, 5 hours
- d. ABC's to Support Your Appraisal, 4 hours
- e. Home Measurement Basics, 8 hours

5-5) International Right of Way Association

- a. The Valuation of Environmentally Contaminated Real Estate, 16 hours
- b. Reviewing Appraisals in Eminent Domain, 8 hours
- c. Easement Valuation, 8 hours

5-6) McKissock

- a. Basic Appraisal Principles, 30 hours

- b. **Basic Appraisal Procedures, 30 hours**
- c. **Statistics Modeling and Finance, 15 hours**
- d. **Residential Report Writing and Case Studies, 15 hours**
- e. **Residential Site Valuation and Cost Approach, 15 hours**
- f. **Residential Comparison and Income Approach, 30 Hours**
- g. **Residential Market Analysis and Highest and Best use, 15 hours**
- h. **Advanced Residential and Case Studies, 15 hours**
- i. **General Appraiser Income Approach, 60 hours**
- j. **General Appraiser Site Valuation and Cost Approach, 30 hours**
- k. **General Report Writing & Case Studies, 30 hours**
- l. **General Appraiser Sales Comparison Approach, 30 hours**
- m. **General Appraiser Market Analysis Highest and Best Use, 30 hours**
- n. **Expert Witness for Commercial Appraisers – Elective, 15 hours**
- o. **Appraisal Subject Matter Electives, 20 hours**
- p. **Basic Hotel Appraising – Limited Service hotels, 7 hours**
- q. **Appraisal of Single Tenant Distribution Centers, 6 hours**
- r. **Commercial Appraisal Review – Elective, 15 hours**
- s. **Residential Appraisal Review and USPAP Compliance, 7 hours**

5-7) OPEN Education Network

- a. **How to Support and Prove Your Adjustments, 7 hours**

5-8) Schroeder Law Office, P.C.

- a. **Appraisers & Realtors Due Diligence & Nevada Water Rights, 4 hours**

5-9) U.S. Environmental Protection Agency

- a. **Aquatic Resource Awareness Course for Real Estate Appraisers, 2 hours**

Brenda Kindred-Kipling stated that the Division is recommending approval.

Commissioner Huber moved to approve the education consent agenda items 5-1 to 5-9. Commissioner Walsh seconded.

Motion carried unanimously.

8) Public Comment

None.

9) Adjournment

The meeting adjourned at 10:30 a.m. on May 17, 2016.

Respectfully Yours,

Claudia Rosolen
Commission Coordinator