

**NEVADA COMMISSION OF APPRAISERS OF REAL ESTATE
MEETING
AUGUST 27, 2019 MINUTES**

**NEVADA STATE BUSINESS CENTER
3300 WEST SAHARA AVENUE
NEVADA ROOM, SUITE 400
LAS VEGAS, NV 89102**

**VIDEO CONFERENCE:
NEVADA DIVISION OF INSURANCE
1818 E. COLLEGE PARKWAY, SUITE 103
CARSON CITY, NV 89706**

AUGUST 27, 2019

9:00 A.M.

1-A) Introduction of Commissioners in Attendance

In Las Vegas: Christopher Lauger, Michael Gandy and Deputy Attorney General Asheesh Bhalla representing the Commission.

In Carson City: David Stefan and Kenneth Cronin.

1-B) Introduction of Division Staff in Attendance

In Las Vegas: Sharath Chandra, Administrator and Teralyn Lewis, Administration Section Manager.

In Carson City: Perry Faigin, Deputy Administrator; Jaye Lindsay, Appraisal Program Manager and Daniel Walsh, Compliance Investigator.

2) Public Comment

None.

3) Regulation Workshop for LCB File No. R176-18

Section 2 was read into the record.

David Cherner, corporate counsel with ClearCapital.com an appraisal management company (AMC) in Reno and representing the Real Estate Valuation Advocacy Association (REVVA), commented on section 2 and submitted written public comment. Mr. Cherner stated that AMCs usually operate in more than one state and would have to disclose multiple license numbers at the same time. Mr. Cherner stated that by June 2020, there will be a national registry of AMCs and a lender would be able to review the registry to confirm that an AMC is licensed. Mr. Cherner stated that a lot of AMCs will post a list on their website of all states that they are licensed and license numbers. Mr. Cherner requested clarifying language that says that an AMC is compliant with the requirement being proposed if the AMC includes the information being requested on a website and refer customers to that site instead of putting multiple license numbers in each individual advertisement or solicitation.

Section 3 was read into the record.

David Cherner commented on section 3 and submitted written public comment on subsection 1(h). Mr. Cherner requested that subsection 1(h) be clarified to state “the application may be rejected if the applicant has had a license or certificate or registration as an appraisal management company suspended or revoked in another state and not subsequently reinstated”. Mr. Cherner stated that this language is similar to language that was amended in Nevada statute with Senate Bill 39 in 2019 so it would be consistent, and it is similar to appraiser statutes.

Section 4 was read into the record. There were no comments regarding this section.

Section 5 was read into the record. There were no comments regarding this section.

Section 6 was read into the record. There were no comments regarding this section.

Section 7 was read into the record.

Sharath Chandra clarified that the language from section 7 is in current statute and being moved into regulation.

Section 8 was read into the record.

Kathryn Everson commented that section 8 does not say anything about being more than 2 years although section 8 says less than 2 years. Ms. Everson stated that she was a trainee from 2005 to 2007. Ms. Everson stated that she was licensed until 2009. Ms. Everson stated that she was a victim of mortgage fraud and had to get a second job to pay her mortgage. Ms. Everson stated that appraisers were going through a rough time back then and let her license expire. Ms. Everson stated that she is now ready to get her license back. Ms. Everson stated that reading section 8 does not say that she cannot use her 2,400 hours from her past license to apply for her license.

Asheesh Bhalla stated that the Commission is here to take comment on the regulation amendments specifically and cannot discuss Ms. Everson’s personal situation.

Ms. Everson stated that the Commission needs to be more specific.

Dan Byrne, present on behalf of the Coalition of Appraisers in Nevada, commented on the experience requirements. Mr. Byrne stated that the 6 months period is the lighter side and could cause unintended consequences when it comes to a lack of experienced appraisers. Mr. Byrne stated that he understands that all appraisers operate under the presumption of compliance under USPAP which states that an appraiser cannot take on an assignment for which they are not competent in. Mr. Byrne stated that there are issues with USPAP violations with appraisers. Mr. Byrne stated that the reduction in standards opens the door for less experience appraisers to complete assignments that could put the public at risk. Mr. Byrne stated that the time requirements should be increased for a license to one year and is okay with the 18 months for a certified residential. Mr. Byrne stated that the reduction in the 500 hours for complex assignment hours is an issue. Mr. Byrne stated that Nevada has always had a higher standard than what was published by the Appraisal Qualification Board (AQB) when it comes to qualifications and that 500 hours of complex is one of those items that was above the AQB standards. Mr. Byrne stated that he would advocate for an increase in those number of hours and understands that there may

be some concerns with reciprocity with other states that have adopted the AQB standards as they are. Mr. Byrne stated that his rebuttal to that would be that as indicated in the education requirements of the proposed regulations where an appraiser can have experience for 5 years and hold a license in good standings in another state, they are not required to adhere to those education requirements. Mr. Byrne stated that a similar carve out could be made for experience requirements if an appraiser has a license in good standing in another state for at least 2 years, that might suffice the experience requirement.

Section 9 was read into the record. There were no comments regarding this section.

Section 10 was read into the record. There were no comments regarding this section.

Section 11 was read into the record. There were no comments regarding this section.

Section 12 was read into the record.

Giano Saumat with GJS Appraisal Services, commented on the log. Mr. Saumat stated that the log that is provided by the State needs to be formatted to provide more space.

Section 13 was read into the record. There were no comments regarding this section.

Section 14 was read into the record. There were no comments regarding this section.

Section 15 was read into the record. There were no comments regarding this section.

Section 16 was read into the record. There were no comments regarding this section.

Section 17 was read into the record. There were no comments regarding this section.

Section 18 was read into the record. There were no comments regarding this section.

Section 19 was read into the record. There were no comments regarding this section.

Section 20 was read into the record. There were no comments regarding this section.

Section 21 was read into the record. There were no comments regarding this section.

Section 22 was read into the record. There were no comments regarding this section.

Section 23 was read into the record. There were no comments regarding this section.

Section 24 was read into the record. There were no comments regarding this section.

Section 25 was read into the record. There were no comments regarding this section.

Section 26 was read into the record. There were no comments regarding this section.

Section 27 was read into the record. There were no comments regarding this section.

Section 28 was read into the record. There were no comments regarding this section.

Section 29 was read into the record. There were no comments regarding this section.

Section 30 was read into the record. There were no comments regarding this section.

Section 31 was read into the record. There were no comments regarding this section.

Section 32 was read into the record. There were no comments regarding this section.

Section 33 was read into the record.

Dan Byrne commented on section 33 regarding his experience with taking out of state education. Mr. Byrne stated that he went to a conference and took a 7-hour USPAP update class in Tennessee. Mr. Byrne stated that because the class was not approved in Nevada, that class was not accepted by the Real Estate Division. Mr. Byrne asked if there could be a carve out for the nationally recognized USPAP 7-hour update course where if the course is taken in another state, it is approved by the Division no matter where it is taken.

Section 34 was read into the record. There were no comments regarding this section.

Section 35 was read into the record. There were no comments regarding this section.

Section 36 was read into the record. There were no comments regarding this section.

Section 37 was read into the record. There were no comments regarding this section.

Section 38 was read into the record. There were no comments regarding this section.

Section 39 was read into the record. There were no comments regarding this section.

Section 40 was read into the record.

Dan Byrne commented on section 40 subsection 3(d). Mr. Byrne stated that his concern is if an AMC does not have a fee schedule, how would the AMC demonstrate compliance with the Dodd-Frank Act for customary and reasonable fees. Mr. Byrne stated that if an AMC submits a fee schedule that is not in compliance with the Dodd-Frank Act, is there a possibility for the registration to be denied under subsection 3(c) for incomplete or unsatisfactory documentation.

David Cherner commented on section 40. Mr. Cherner stated that the fee schedule is not the only way to comply with the Dodd-Frank Act. Mr. Cherner stated that a lot of AMCs do not use one specific list of fees.

Section 41 was read into the record. There were no comments regarding this section.

Section 42 was read into the record.

David Cherner commented on section 42. Mr. Cherner stated that he would like to clarify areas that would be helpful to the Commission. Mr. Cherner stated that the \$25 is in statute under federal law but there is legislation to amend the fee. Mr. Cherner recommended that subsection 1(b) be re-drafted to become similar to the appraiser language in section 7 of LCB File No. R176-18. Mr. Cherner stated that this would give the Commission and the Division full discretion in terms of knowing what to assess.

Mr. Cherner stated that if the Commission decides to leave the language and wants to have clarifying language, it is important to include language to clarify that the \$25 fee that is multiplied by the number of appraisers does not apply to all appraisers working for or contracting with the AMC. Mr. Cherner stated that it only applies to an appraiser that does an appraisal for a covered transaction. Mr. Cherner stated that is the standard set by the Appraisal Subcommittee regulation. Mr. Cherner stated that the proposed language is broader than the amount that AMCs would need to collect and would be inconsistent when the Appraisal Subcommittee does its review of the Division.

Section 43 was read into the record. There were no comments regarding this section.

Section 44 was read into the record. There were no comments regarding this section.

Section 45 was read into the record.

Josh Hicks, attorney with McDonald Carano on behalf of the Southern Nevada Homebuilders Association (SNHBA), commented on section 45. Mr. Hicks stated that the Commission might want to think of what is an advertisement through which a licensee offers to perform services. Mr. Hicks asked if that would include business cards, emails or virtual cards. Mr. Hicks stated that the term "advertisements" was not specifically defined. Mr. Hicks stated some membership of SNHBA has some concerns regarding that matter. Mr. Hicks stated that his comment would also apply to section 2 of the proposed regulation.

Section 46 was read into the record.

David Cherner commented on section 46. Mr. Cherner stated he wanted to make sure that the provisions in subsections 1 and 2 are consistent with USPAP. Mr. Cherner stated the regulation should clarify that the later period applies so which ever period expires last.

Section 47 was read into the record. There were no comments regarding this section.

Section 48 was read into the record. There were no comments regarding this section.

Section 49 was read into the record. There were no comments regarding this section.

Call for general comments regarding regulation amendments. There were no general comments.

Workshop was closed at 10:10 am on August 27, 2019.

4-A) For possible action: Discussion and decision on proposed changes, additions and deletions to NAC 645C including but not limited to LCB File No. R176-18, including review of public comments from regulation workshop held August 27, 2019.

Section 2

President Lauger stated that there was comment on section 2 subsection 1(b) regarding the AMCs and whether that verbiage should state licenses in Nevada or a reference to the national registry. President Lauger asked if that could be changed to state, “does business in the State of Nevada.”

Sharath Chandra stated that the Division uses the national registry to report AMCs. Mr. Chandra stated that certain AMCs are not reported but are under a certain threshold. Mr. Chandra stated that there was a concern in public comment that an AMC could be registered with multiply states and there might be a burden on the AMC to list all of those license numbers on the advertising. Mr. Chandra stated that the other comment was that there is a national registry for AMCs that would be another option to look up an AMC.

President Lauger stated that the verbiage “in the State of Nevada” be added to 1(b) so that other state registration numbers do not have to be listed but advertisement in Nevada has the number.

Section 3

President Lauger stated that there was comment on section 3 subsection 1(h) regarding if the applicant had a license, certificate or registration as an appraisal management company suspended or revoked in another state. President Lauger stated that the concern is that it may have been revoked or suspended but was brought back into good standings.

Sharath Chandra suggested that the statute be referenced because the language in statute is clear instead of repeating the language.

Section 7

President Lauger stated that he would like the dollar sign added to each fee.

Section 8

President Lauger stated that there was comment regarding 6 months being too low in subsection 1 where it has been changed from 2 years to 6 months.

Commissioner Stefan stated that he wanted to address Kathryn Everson’s comment. Commissioner Stefan read NAC 645C.065(4)(a). Commissioner Stefan stated that based on current regulation, any hours obtained after January 30, 1989 would count if Ms. Everson can prove through a log of those hours.

Sharath Chandra stated that the Division would have to research the intent of NAC 645C.065(4)(a). Mr. Chandra stated that if the idea is to apply experience, the language in subsections 1 through 3 is regarding the period in which an applicant would have to have that experience.

Commissioner Cronin stated that lowering the standards in subsections 1 through 3 is significant. Commissioner Cronin stated that amount of time is not enough to gain the experience to be in the field with the necessary tools to be qualified. Commissioner Cronin stated that the existing standards set forth are enough.

Commissioner Gandy stated that he agrees with Commissioner Cronin. Commissioner Gandy stated that 6 months is a shallow window. Commissioner Gandy stated that he does not know many professions where instead of increasing standards, standards are cut by 75%. Commissioner Gandy

stated that it begs to question who would be in the process of interning someone for a 6 months span. Commissioner Gandy stated that this proposed change takes the profession back to a trade.

Commissioner Cronin suggested no reduction in the set forth criteria.

Commissioner Gandy stated that he agrees to a reduction in the licensure level in subsection 2. Commissioner Gandy stated that he understands the concern for most licensed appraisers are in an environment where it is difficult to seek out a certified appraiser that will mentor them outside of working for the appraiser directly. Commissioner Gandy stated that an alternative track is possible for the 500 hours of experience not directly under an appraiser as a supervisor. Commissioner Gandy stated that would involve laying the groundwork for a couple of advanced courses. Commissioner Gandy stated that one of those courses would include an instructor with some field experience identifying complex issues.

Commissioner Stefan stated that the difference between those two licensures is the fact that they have the ability to appraise complex and high dollar properties. Commissioner Stefan stated that no supervision of that work or making sure there is experience is irresponsible.

Commissioner Cronin commented on subsection 1 changing to 6 months. Commissioner Cronin stated that experience is gained in the 2-year period and not 6 months. Commissioner Cronin stated that the 2-year period is the standard threshold that should be set forth for the future. Commissioner Cronin stated that the existing 2,400 hours is where the threshold should stay.

Commissioner Gandy stated that for subsection 1 he would agree that 18 months with education is reasonable at the licensure level. Commissioner Gandy stated that 1,500 to 2,000 hours would be acceptable to him. Commissioner Gandy stated that he does not agree with the 6 months.

Commissioner Gandy stated that he agrees with current regulation in subsection 2 regarding 2 years of experience and 500 complex hours. Commissioner Gandy stated that he is amenable to an alternative track of focus driven course work where there may be hands on field instruction for complex issues and properties.

Commissioner Cronin stated that the threshold for moving up to a certified appraiser should remain the same. Commissioner Cronin stated that if kept at 1,800 hours, the threshold difference is only 200 hours to move up to a certified. Commissioner Cronin stated that threshold should be higher. Commissioner Cronin stated that the time period should remain the same at 2 years along with the hours. Commissioner Cronin stated that there are complex properties where an appraiser needs to gain on sight experience. Commissioner Cronin stated that he does not know if a class will teach those things.

Commissioner Stefan commented on subsection 3. Commissioner Stefan stated that 18 months seems a little light. Commissioner Stefan stated that he has had interns in his office and in the first 12 months a lot of the interns did not get into the nuts and bolts. Commissioner Stefan stated that he would not have felt ready to release an intern after 18 months. Commissioner Stefan stated that he is not very concerned about the decrease in hours because it was not as significant as subsections 1 and 2. Commissioner Stefan stated he would like to see the 18 months increased to 24 months and is fine with 3,000 hours and 1,500 in commercial appraisal. Commissioner Stefan stated that a commercial appraiser must do more work in those 24 months than a residential appraiser would have to do if the hours are kept at 3,000.

President Lauger moved to leave NAC 645C.065 as it is currently written and not the changes in the proposed amendments. Seconded by Commissioner Gandy. Motion carried.

Section 33

President Lauger stated that there was a comment regarding USPAP courses having a carve out for out of state courses that have not been approved by the State.

Sharath Chandra stated that the Division can administratively look at acceptance of those nationally accredited courses.

President Lauger stated that the Division should give approval to USPAP courses if there is an AQB instructor and add some language regarding courses being approved in another state.

Section 40

President Lauger stated that there was comment regarding subsection 3(d).

Sharath Chandra stated that he would not add anything more to this regulation.

Section 42

President Lauger stated that there was comment regarding the language in subsection 1(c)(2). President Lauger stated that the language should include “covered transactions”.

Section 45

President Lauger stated that there was comment regarding the definition of “advertising”.

Sharath Chandra stated that the definition of advertising used in Chapter 645 can be used in the regulation.

Section 46

President Lauger stated that there was comment regarding subsection 2. President Lauger stated that USPAP states whichever is later.

Section 49

Commissioner Stefan commented on the repeal of NAC 645C.068. Commissioner Stefan asked why to repeal the regulation all together. Commissioner Stefan stated that the Division should be given discretion as there weren't available hours during the internship, the Division should give a waiver as opposed to eliminating the requirement. Commissioner Stefan stated that the requirement is a great tool.

President Lauger and Commissioner Gandy agreed with Commissioner Stefan.

President Lauger moved that NAC 645C.068 not be repealed. Seconded by Commissioner Stefan. Motion carried.

7) Public Comment

Dan Byrne with the Coalition of Appraisers in Nevada, commented. Mr. Byrnes stated his concern with the fee schedule piece of the AMC application. Mr. Byrne stated that it does not hold a lot of weight and does not understand why it is there to begin with. Mr. Byrne asked if this encourages AMCs not to use a fee schedule. Mr. Byrne stated that if an AMC does not use a fee schedule but uses one of the

alternative methods as determined in the Dodd-Frank Act, can that information be shared. Mr. Byrne stated that the challenge for appraisers is that there is no resource for them to go to find out what is customary and reasonable.

Tamara Abernathy, intern with Valley Appraisal, commented. Ms. Abernathy stated that she has been licensed once before and had major difficulties getting her certified hours. Ms. Abernathy stated that once again she is having trouble getting those hours. Ms. Abernathy asked that the Commission evaluate an alternate path course that would be reasonable to upgrade.

Dave Cherner with ClearCapital.com on behalf of REVVA, commented on advertising. Mr. Cherner stated that there was discussion that the disclosure would only be required if a company is operating or soliciting in Nevada. Mr. Cherner stated that a lot of customers that use AMCs are not only operating in one state. Mr. Cherner stated that solicitations in this environment are usually done multi-state. Mr. Cherner stated that he is trying to a way for an AMC to be directly compliant but be able to distribute the license information.

Mr. Cherner stated that it surprised him that the registry fee payment issue was reviewed by the Appraisal Subcommittee. Mr. Cherner stated that when an appraiser is added to an AMCs panel, there is a contract between those two parties and no work yet. Mr. Cherner stated that the way the proposed regulation reads the AMC would have to pay for that appraiser even if that appraiser did not complete any work. Mr. Cherner stated that he will circle back with the Appraisal Subcommittee.

Wayne Miracle, certified residential appraiser, commented on the 500 complex hours. Mr. Miracle stated that Nevada is one of the few states that has that requirement. Mr. Miracle stated that the definition of a complex property is not clear. Mr. Miracle stated that to him a complex property is multimillion dollars twenty thousand square foot home that a 180-degree view of the valley with a full basement that is completed and used as a living area.

8) Adjournment

The meeting adjourned at 11:40 a.m. on August 27, 2019.