

Washington State Real Estate Appraiser Commission meeting transcript

July 18, 2024

Scott Biethan (00:00:02):

... chair of the Real Estate Commission and it is 10:01 on July the 18th. This meeting is open to the public. We'll have time at the end of the meeting for any kind of public commentary, and as a reminder, we ask everyone to stay at a three minutes, so we make...

(00:00:43):

So, on mute and silence your phones. Like that. And please, don't speak out of turn. When you'd like to speak on a topic with commissioners just raise your hand and announce yourself. I guess, you don't need to say the names because we are-

Sandy Baur (00:01:03):

They do.

Scott Biethan (00:01:03):

They do even with-

Sandy Baur (00:01:05):

For the record.

Scott Biethan (00:01:05):

Yeah, for the record. Say who you are, when you say something.

Saundra Schaefer (00:01:09):

Chair Biethan, I apologize. We're interrupting. Claire, can you verify that you can hear us?

Claire Elston (00:01:14):

Yes I can. Can you hear me?

Saundra Schaefer (00:01:17):

We can. Perfect. Thank you. And yeah, just because the recording will only say one name, so please do.

Scott Biethan (00:01:25):

I understand. So for the recording to make sure we have it, if you say something, please make sure you say, "And I am Mr. Potter," and we can all say that and then it will be very confusing. So, all right, I'm going to turn over to Saundra for the roll call.

Saundra Schaefer (00:01:45):

Thank you. And I will start with you, Chair Biethan.

Scott Biethan (00:01:47):

Here.

Sandra Schaefer (00:01:49):

Vice Chair Elston.

Claire Elston (00:01:52):

Here.

Sandra Schaefer (00:01:53):

Thank you. Commissioner Moore?

Joe Moore (00:01:55):

Here.

Sandra Schaefer (00:01:56):

Thank you. Commissioner Potter?

Dean Potter (00:01:57):

Here.

Sandra Schaefer (00:01:59):

Thank you. Commissioner Sidor.

Stan Sidor (00:02:01):

Here.

Sandra Schaefer (00:02:01):

Thank you. Commissioner Sporn.

Jay Sporn (00:02:03):

Here.

Sandra Schaefer (00:02:04):

Thank you. And Commissioner Stephens?

Denise Stephens (00:02:06):

Here.

Sandra Schaefer (00:02:06):

Perfect. Thank you. Back to you, Chair Biethan.

Scott Biethan (00:02:09):

Thank you. So welcome everybody.

Speaker 1 (00:02:11):

Good.

Scott Biethan (00:02:15):

Yeah, if you're on the call, don't forget to mute please.

Speaker 1 (00:02:19):

If it's 2101 or 2201, I can't remember.

Sandra Schaefer (00:02:23):

And if you are a phone call in member, you can mute by hitting star 6 that will mute you from the call. And then just to unmute during a public comments section, you can hit star six again and it will unmute you.

Scott Biethan (00:02:40):

Thanks. So I joined the commission during the pandemic so it is actually kind of nice because I recognize people's heads, you know now we get to meet the real person. So it's good to be here. Thank you for organizing this, Sandy and all the staff. We really do appreciate everything that you all do. So before we move on, we will ask for a motion to approve the agenda as presented.

Stan Sidor (00:03:06):

So move.

Dean Potter (00:03:06):

Second. Sidor. Potter.

Scott Biethan (00:03:06):

Moved by Sidor, seconded by Potter. And any discussion?

Stan Sidor (00:03:16):

Chair Biethan?

Scott Biethan (00:03:17):

Yes.

Stan Sidor (00:03:17):

Commissioner Sidor. At the bottom, at the end of the agenda for today, it references next commission meeting today. Well, it should be our next commission meeting and we're going to have it in what, October?

Sandra Schaefer (00:03:32):

Correct. We'll make that change. Thank you.

Scott Biethan (00:03:36):

So we don't have to stay after and do a second meeting.

Saundra Schaefer (00:03:37):

No we don't.

Scott Biethan (00:03:38):

Okay, that's great. All right, so it's been moved and seconded. Any other changes, corrections or comments? All right, call for the vote. All in favor say aye. Any nays. Motion carries and thank you. So we have sent out minutes and they are from the April 18th, 2024 meeting, and I would ask for first of all, any changes or corrections for the minutes? Seeing none, looking for a motion to approve as presented.

Stan Sidor (00:04:16):

So moved.

Saundra Schaefer (00:04:16):

[inaudible 00:04:16].

Stan Sidor (00:04:16):

Commissioner Sidor.

Scott Biethan (00:04:20):

Thanks.

Saundra Schaefer (00:04:20):

Thank you.

Jay Sporn (00:04:21):

Commissioner Sporn. Second.

Scott Biethan (00:04:24):

Okay, great. Any other comments? All in favor say aye. Any nays? Motion carries. And there we go. So going back to Sandy, Ms. Bauer, are there any announcements that we'd like to share?

Sandy Baur (00:04:41):

Yes, we do have an announcement and I would like to turn it over to our assistant director, Jen Clausin and administrator Bill Dutra for an announcement.

Jen Clawson (00:04:58):

Good morning, I'm Jen Clawson. I'm director of our business and professions division, and I have the privilege of sitting next to Bill, one of our administrators for our outreach and policy advisors. And we're here today to discuss fees and that the increase that's going to need to take place in October of this year.

(00:05:17):

So as you may be aware, we haven't had a fee increase in the last 15 years, and it's now time with increased staffing costs, technology costs and that type of thing are by now to no longer with our revenues to sustain what we're spending. Unfortunately, the fee increase is much larger than we were hoping to be. Oh yeah, go ahead and [inaudible 00:05:43]. And so we are looking at about a hundred percent fee increase for the rebate. We'll go over some information on that. I'll share some information with you and then open it up for any questions by the Commissioners. So, any handouts and then we'll have some slides on the screen for you.

(00:06:02):

So in 2019 we had started looking at some fees and knowing we're going to need to make some adjustments. At that time your fund balance was still hanging in the space and we to support the fund activity of supporting your site. In 2019, a bill passed though that allowed you all to have active status. That has also played into some of this a little bit. We'll talk about where we have about 577 licensees that have moved into an inactive status, which would equate to about \$240,000 worth of revenue that we no longer receive. And we don't have the strong language in the law or in any other type of lack to allow for us to charge a fee for that inactive status.

Stan Sidor (00:06:57):

Commissioner Sidor. I have a question. Do you want to take, I'm going to ask you a question. Do you want to go through your presentation or do you want questions during?

Jen Clawson (00:07:08):

I think that's up to you as Commissioners. I'm happy to do it either or.

Speaker 1 (00:07:15):

I have a comment on, I would prefer to have her go through her process entirely and then stand and talk. How's that?

Scott Biethan (00:07:22):

Is that okay with the Commissioners? I think let's hear the whole thing and write your questions down. Could you, Sidor, is that all right with you?

Stan Sidor (00:07:27):

Well that's fine. It's just a very basic question.

Speaker 1 (00:07:27):

Interrupts the overall of the presentation.

Scott Biethan (00:07:28):

And I agree with both your perspective, but I think we'll let you guys go if that's all right and then, you know.

Jen Clawson (00:07:43):

Sure. So let's go ahead and let's take a look at some of our slides then and then you can go through this and I'll absolutely open it up to any questions you have. And the slides that I'm going to be showing are also in your packet that they'll just hand it out to all of you.

(00:07:55):

So, the first slide that we're going to look at is just our appraiser, licensee history. So this just shows you from 2020 to 2024 with different colors. So, the top bar is a purple color and it's for 2020 and that shows what our licensee count was for each of those individual sections. The red is the second bar down, it's 2021. We have green. It is the third bar down, which is our 2022. Yellow is in the 2020 brief, which is the fourth bar down and then our fifth bar down is our 2024 to date.

(00:08:34):

You can see in some of these areas that our license count has fluctuated a little bit. The one that draws the most attention to us when we take a look at it over the last couple of weeks is that your appraise training numbers been going down, but your other numbers have been staying pretty stable in the same park range.

(00:08:57):

The note on the side just does talk about the information. I was just sharing a little bit about that inactive status and the amount of money that has not been collected as those folks going inactive and they're allowed to stay inactive for eight years. So that is a two year cycle.

(00:09:13):

On the next slide, that we'll share with you, this is what's been going on with our fund balance. So we have fiscal year 2020 where we ended our fund balance at \$407, 000, and you'll see that in 2020 and 2021 we're about the same. We found another a hundred thousand in 2021, and in 22 our fund balance is larger than what we expected it to be. And I'll share a little bit about that.

(00:09:45):

So in 2021 we started looking at the appraisers thinking that we were going to need to do a fee increase because the fund balance was getting to the point where we weren't sure the same with the revenue coming in and the expenditures. And then we saw this site, and we weren't really sure what that was due to a lot of turnover that we had not only in our division but in our revenue accounting department and our budget department.

(00:10:13):

So there wasn't a lot of historical knowledge. In 2022, we had an ARC audit that found that we had some invoices that had not been paid and that ARC. And that was about \$400,000 worth of invoices that had been sitting in our fund balance, which as you can see does look like what part of the difference is there that had not been seen. And so what happens is we get an invoice from a ARC for the appraisers that they believe that we should be putting them \$80 per on, and then we reconcile it and we send our reconciliation back to them with the payments. And somehow this fell off of the radar with some of our staffing changes, not only on our side like the revenue accounting side and our budget side, we lost a lot of this historical information. So when they came in and did that audit, they started showing us invoices that we sold over.

(00:11:03):

We had reconciled and corrected that, but it did give us a false sense of that fund balance being larger than what it should have been. So a couple of actions that we've taken is we've actually separated out that \$80 fee. When the money comes in, it now goes through what we call a pass through account, which it had been set up like that previously, but we changed into our new system that was missed and it wasn't set up into a pass through account.

(00:11:29):

So now it goes straight to a pass through account. It does not show up in a line balance, does not look like it's licensing in any way. It is money funded by it goes strictly to a ASC and it allows us to understand if that balance is growing, what is taking place, what invoices haven't been paid and it gives us another check and balance in there.

(00:11:50):

So then as we head into 2023, there have been several increases that have gone on with downing costs as far as the legislature has implemented a few salary increases for our investigators. Actually quite a bit. They increased, they just took all their job classifications and moved them up in salary. We've had some of our licensing folks that we re-evaluated their position descriptions and they ended up with pay increases. So on top of our co [inaudible 00:12:20] that have gone into effect over the last 15 years, it's getting to the place where we can no longer sustain the fund balance that we need to do moving forward with our current revenue stream. So this right here, that's part of the story that you're seeing right here, and why we're in the place that we are. So we head to the next slide or the next page in your packet. This shows you where our expenses, our total expenses for running this program are that \$966,000, and this breaks it out for you. So the largest piece of this pie in the red is our salaries and benefits. So your program is a lot of five and a half FTDs to support this program. Five and a half FTDs doesn't mean it's five and a half people. What that means is we have spread out through all levels of our organization that support this program at a equivalent of five and a half FTDs.

(00:13:18):

So you'll see the largest chunk of the salaries and benefits that help support this program. And then when you get into some of the smaller ones, and I apologize for the small little line, but we wanted to represent all of it. Probably our next biggest chunk is your goods and services, which is E, and over on the side and it's an orange color. And this includes our office space, our office supplies, our software, building maintenance, those types of expenses are all in that category.

(00:13:55):

Then in our blue category you see 89 9 81 is ... This is what we pay to other agencies like law tech which supports our overall network system, DES, which is an employment type support as of our indirect. So it supports the agent. So this is how your expenditures are spent from the program.

(00:14:26):

And then there's another slide in here that we'll go over here, but this really shows you your expenditures to your weapon. And it showed a good visual to see starting in 2020 are expenditures did start to grow and your revenue, this is how we started getting to the fund

balance. So your expenditures are in the yellow and the revenue coming in is in the blue. So, we had a fund balance that we started shifting away at over the years, and some years were a little bit better. So you get into 2020, and if I can remember what was going on there, we were very good. So we had vacancies in your position. We weren't allowed to fill, and then we started to recover from that a little bit. And then our expenses just in 2023, our expenses are extremely high, but that is gain those input end of 2023.

(00:15:16):

And so then it comes back down to where we will or rejected to be versus our income that revenue projected to be. That is all that I have. I mean, I do have a list of our actual fee. I don't know, do we have that in the packet for them? No? So there is some communication that's going to be going out. I guess we don't have any extra with these, but this will actually show what our current fee is versus back and maybe I can just walk through a few of them if that's helpful.

Scott Biethan (00:16:01):

Yeah. Please.

Jen Clawson (00:16:01):

Sorry that I don't ...

Scott Biethan (00:16:03):

That'd be useful. Yeah.

Jen Clawson (00:16:04):

Okay. I'm sorry I don't have it writing for you sir, but it will be going out that Dr. Neiderham on to our listserv and to all of our email addresses that we have on site. So our ... let's just start with the active license. That's a great one to start with. Our current fee is \$530 and that includes an \$80 fee that goes to ASC. So this fees of October 15 will be \$980. That will include the ASC fee. We have an original certification fee. Certification fee that's 250 that goes to 420.

Speaker 1 (00:16:43):

Say that one part again.

Jen Clawson (00:16:44):

The original ... Which part?

Speaker 1 (00:16:46):

Is the label that goes with that?

Jen Clawson (00:16:46):

You got it. The original certification, the current fee is 250 and that goes to 420. The reexamination fee will stay the same. The examination fee will stay the same. They're both currently one 20. The application for examination, it's currently 374. We'll go to 740.

Speaker 1 (00:17:16):

What?

Claire Elston (00:17:16):

What?

Speaker 1 (00:17:16):

I can't hear you.

Jen Clawson (00:17:26):

There's more I can do whatever you need me to do.

Scott Biethan (00:17:30):

Let's make sure it's needed there, you know. Are you guys able to do that?

Jen Clawson (00:17:34):

The application for examination will go from 370 to 700.

Scott Biethan (00:17:36):

Okay.

Speaker 1 (00:17:36):

[inaudible 00:17:43]

Jen Clawson (00:17:42):

Speak active.

Scott Biethan (00:17:44):

What was the question again? Sorry?

Jen Clawson (00:17:46):

Are you asking me with the active renewal?

Scott Biethan (00:17:52):

I think what I'd like to maybe do if I could, I want to make sure I've heard this correctly and then we open it up for questions if that's all right, because I can guarantee you there's not a single license pair is going to say, oh this is great, we all know this. Right? And to start with, I'm going to say to all of us and anybody, listen, this is not your decision.

Jen Clawson (00:18:19):

No, that's a great point. We actually have statutory requirement for this profession in all of our profession that they are. So the law is really clear that you need to bring in the revenue to support, to support the activities that we're required to do for this program. So, I don't have the ability of borrowing from another account, for example.

Scott Biethan (00:18:46):

Right, right.

Jen Clawson (00:18:46):

To solve it. I have to, we have to support ourselves.

Scott Biethan (00:18:51):

And you take it a step further. This is not Jen Clawson's interest decision.

Jen Clawson (00:18:56):

No.

Scott Biethan (00:18:56):

You are simply conveying a message that we're not all excited about, but could everyone say this because this is not going to go over well and there's nobody who's going to be really happy about this. So I'll just say that to start with. You're meeting a statutory requirement. And also we've got some stuff that didn't get paid previously that we need to make up. You know.

Jen Clawson (00:19:25):

And Bill has one thing.

Bill Dutra (00:19:25):

Also part of our budget is that we are carry a three month operating balance for all of our professions as well. That is to make sure that we have enough to, if something drastic were to happen, whether it be legislation, whether it be a regulatory act or a procedure that we're involved in that keeps us from having to do multiple small little fees to pay for that program. So there is this three month operating capital or budget that we also attached to each one of our dedicated account.

Scott Biethan (00:19:54):

Gotcha. Mr. Sidor.

Stan Sidor (00:19:56):

I think I have about three questions and I appreciate the information. Under pretty good license history and you given there are currently 507 of an inactive license fees. Do you have a breakout by license type of that? Are they mostly residential or certified general or combination?

Bill Dutra (00:20:19):

We could work on breaking that out. We just gave it totaled because of the costs.

Stan Sidor (00:20:24):

I'd be curious because I have a feeling that probably a lot of them are on the certified residential side because of the impact on the residential market. And the kind of a related question of that there is I'm assuming in your budget projections and you took into account for the fees to make the fund balance out, you're taking into account and assuming these accounts are going to stay

inactive for a period of time until there's such time as that changes, you're going to have to assume that you're staying inactive.

Jen Clawson (00:21:00):

Yeah, you're absolutely right. So we're doing our best, I would say best-educated stats on what that's going to look like, right? That's all we can really do is pull the information that we have and our past experience to be able to put forward what we do think is going to happen. And so what we'll be doing is we'll be watching the fund balance really closely.

Stan Sidor (00:21:18):

Yeah.

Jen Clawson (00:21:18):

And I assume that it will be a topic of conversation at the commission meetings for the next several commission meetings. We cannot only look at that fund balance. Is it responding like we thought it was going to respond? Is there anything else that we need to do to make sure that we end the end of the fiscal year, which is June 30th of this year, in the black, right? That we don't end up in the red with this profession, which we believe is fee increase will get us ending the end of the year that way, which is why things would take place in October. The other thing that we will be watching is after we do this fee increase, if the fund balance starts to grow at a rate which we weren't to expecting. For example, we would then let's come back and readjust fees. So we're hoping this is done permanent and for everything, but if we readjust, stabilize the fund balance, there may be an opportunity for us to reuse.

Stan Sidor (00:22:12):

But conversely, with a fee increase, there may be a number of additional appraisers who aren't bringing in sufficient business, especially on the residential side to say, I'm just going to put my license into an active status. So the inactives may really grow and your fund balance may not meet your projections.

Jen Clawson (00:22:32):

You are absolutely right. And that is a concern that we have and that we're going to have to pay really close attention to.

Stan Sidor (00:22:44):

The one last question I ask is under the estimated time of the fees for salaries and benefits, is that including the AG support that we receive or is that under some other?

Jen Clawson (00:22:49):

That is under a different. Yeah. It comes under our, I think it's under our the 89,000. Yep.

Denise Stephens (00:23:05):

Commissioner Stephens. Does the active accounts cost you anything to maintain?

Jen Clawson (00:23:12):

That's a really hard question. We don't do anything when they're inactive. You could argue that the AGE based in the system and so there's some maintenance there. The struggle is we don't know when the legislation passed and gave us that inactive status, we have other license tapes that do have that inactive status, that PMP to be an active. But so what happened was we were thinking along the lines when we would inactive that we would then charge an inactive fee.

(00:23:43):

Well, when we went to head down that path, the way the language is written, it actually put us at risk to charge for the inactive status, the way our AGE advice came back. So we have not had the ability, we don't have language to have the ability that we must charge with inactivity. Right? So there's some work that we can possibly do on that end.

Denise Stephens (00:24:04):

That would be my next question. What are the steps then maybe to proceed with having some fee or inactive status? Maybe not 9 million dollars, something help offset. Yeah.

Bill Dutra (00:24:23):

Well you're absolutely right. And some of that language appears have to be some slight changes to be directed, a direct language that you will pay this fee if you're inactive. But then it's this law is initiated that we would have to quantify is that since this is a system that this industry is very good at using our licensing system now. They don't have a lot of interactions with us. Well, how much is that actually costing you? What is the cost for the poor John Smith appraiser to have his information in your system? That he may not access for five years or six years?

Denise Stephens (00:25:01):

So does an inactive account then feel fit the requirements for education?

Bill Dutra (00:25:07):

No, they're not required for education. Inactive, that is.

Denise Stephens (00:25:10):

So you're not having to maintain, okay.

Scott Biethan (00:25:10):

Please Commissioner

Speaker 1 (00:25:10):

When an inactive person reapplies, I mean, if they sit there dormant for eight years or 9 years inactive, yeah, I understand they're probably not spending a lot of our money, but when they reapply, is there a fee for them to reapply?

Bill Dutra (00:25:40):

So part of the fee increase, that discussion that we'll be sending out today between 12 and one license, that fee currently is \$110. I believe it's going to 220 as part of any other fee that they owe. So that is also that way.

Speaker 1 (00:25:50):

So, that was the 200. Their fee is currently 120?

Bill Dutra (00:25:59):

110.

Speaker 1 (00:25:59):

110.

Bill Dutra (00:26:00):

I believe it'll be going to 220.

Speaker 1 (00:26:00):

How did you come up with the 220?

Bill Dutra (00:26:09):

Well, I would like to say that we looked at all of the fees that are being charged and try to figure out what is most likely to pull across the board to bring that fund balance into a positive space by June 30th, 2025. And that was a fee that is identified in rule that we are good.

Speaker 1 (00:26:27):

Identified in rule. But there's some orders that you had to stay within there or anything or ... Here's what I'm thinking. If the 220 to reapply, they got, they're going to say it was during that eight years and they get jumped back in for 220. I know they have, they're going to have some educational costs, but they also saved about education costs. I would be, it seems that if that's a for sure thing you think on that we can't charge fees, that the 220 inspires an equity situation in the context of all the appraisers in the state of Alaska that should be looked at higher number.

(00:27:26):

Number one and number two.

Bill Dutra (00:27:33):

There are other fees associated with them coming out of being inactive, I don't have them on the top of my head. So it's not just a simple ...

Speaker 1 (00:27:39):

So they have to pay their education.

Bill Dutra (00:27:41):

And there's some other things that would come back to us as well. I'd have to do some more research already on that.

Speaker 1 (00:27:47):

We have different labels.

Bill Dutra (00:27:47):

Figuratively, yes.

Scott Biethan (00:27:54):

Will all that go on ... This is for Commissioner Biethan. Will all that go on the listserv at noon? All those different fees?

Bill Dutra (00:27:56):

Yes.

Jen Clawson (00:27:57):

Different fees will go into listserv, but we might need to get a breakdown of an example of what it is that you're, so we can get the breakdown of fees and we can get that out.

Scott Biethan (00:28:06):

Yeah, I understand.

Speaker 1 (00:28:09):

I think I would like to get more information on how the, I'm not trying to play attorney here, but I'd like to get some more information on how that AGE thinks the inactives are law and costly places that they wouldn't have no expense during the ...

Scott Biethan (00:28:26):

Yes, yes.

Speaker 1 (00:28:26):

I'm kind of vague on the details. [inaudible 00:28:38]

Jen Clawson (00:28:38):

So I think you're

Speaker 1 (00:28:38):

The rule. Go ahead.

Jen Clawson (00:28:43):

So I think what you're asking us for is to help explain where the risk was in charging that inactive fee or letting them stay inactive. Think that's what the AGE weighed in on for us. Tools are different risks of if we tried to charge a fee, what that risk to the agency was with the language currently.

Speaker 1 (00:28:58):

[inaudible 00:29:06] Somebody that filed suit.

Scott Biethan (00:29:06):

Again, Commissioner Biethan, I've got a favor to ask and I'm talking kind of loud I think because these rooms, so anybody who's on the call, we're on a team's call, it's easy to hear. I am concerned that they may not be hearing the conversation for the back of the, that's kind of silly, but the public who are attending by virtually, we want to make sure they're able to hear that. So I just would say, I'm hearing conversational. Let's make sure that it gets out because this is not a topic everyone's going to want to be hearing. They want to hear about it actually. So yeah, please.

Speaker 1 (00:29:44):

That's a nice way of saying you thought I was mumbling.

Scott Biethan (00:29:46):

No, you're not loud enough. Pretend you're me. This is important.

Speaker 1 (00:29:51):

Yeah. Have a question. Do real estate license fees, do they pay an active fee?

Bill Dutra (00:29:55):

Yes, they pay the exact same fee whether they're inactive or active. They just did not have educational requirements.

Speaker 1 (00:30:02):

Okay.

Scott Biethan (00:30:03):

And are they seeing ...

Bill Dutra (00:30:03):

... did not have restrictional requirements.

Jay Sporn (00:30:03):

Okay. And are they seeing the kind of increases that the appraiser side is?

PART 1 OF 4 ENDS [00:30:04]

Bill Dutra (00:30:07):

No. So the basic concept comes down to the numbers. There are 50,000 real estate brokers that have a license in this state, there are almost 5,000 real estate firms that have a license in this state, and I believe there's probably more than 10,000-plus what they call assumed name endorsements also. So, you take all that money, they have an excessive fund balance.

Jen Clawson (00:30:32):

Yeah, they did receive a fee increase in 2020.

Bill Dutra (00:30:32):

They did.

Jen Clawson (00:30:36):

I think theirs was about 35% at the time because their fund balance, it started to head into the phase where we weren't sure, they were going to need to do a fee increase. Unfortunately, for several years, our agency, we weren't doing small incremental fee increases. There was a lot of pride in keeping fees the same, which is a great thing to do. But when expenses continue to go up and we're not doing the small incremental fee increases, then we have to deliver on things like this. And so, that is a change that we've had within the organization, and this group is the last one to get a fee increase. They haven't had one for 15 years.

Jay Sporn (00:31:16):

Given the size of the number of realtors, do they have many more full-time employees that are dedicated to maintaining that?

Jen Clawson (00:31:23):

They do.

Scott Biethan (00:31:25):

But, some fixed costs, Commissioner Biethan, some fixed costs get spread out over a larger group versus other fixed costs which gets spread out over the appraiser group.

Jen Clawson (00:31:33):

Yeah, so when we're figuring out our budget, a lot of things go into place to figure out where do some of those expenses go? A lot of it is based off of like ACOW, the FTEs who support those programs. And so, it's proportionate depending on the buying of the licensee phase, the complexity of the license. You all have one of our smaller phases, but you have a lot of complexity that goes with your profession. We have ASC as a federal oversight that we have audits that we comply to, your legislative changes, I mean bills that I don't know how many, how much... I know we don't keep an hour count, we spread our time out.

(00:32:17):

But, on the 1110, so the past a couple of years ago, we've been at the table endlessly with that. It's really to help support the profession and make sure that we're running our level of expertise to the table with other agent fees. So each of our professions do take a little bit different support for us and we do account for that as we spread the funding across the division as a whole. We have I think 39 different professions that we support. Some have boards, some have commissions, some are regulatory boards or advisory boards and some professions have no representation that we support like this at all.

Jay Sporn (00:32:56):

Thank you.

Jen Clawson (00:32:56):

Yes, you're welcome.

Scott Biethan (00:33:00):

Are there any other questions from the commissioner? Okay. Seeing that, I'm going to ask a couple of questions. We can't lobby and we can only provide advisory and feedback. I had a precursor to this before the meeting with Jen and Bill, which I appreciated. Personally, I'm concerned about the effect on the appraisal community. These fee increases couldn't come at a worse time in terms of where we're at in the cycle.

(00:33:36):

But, I also recognize it is not Jen and Bill doing this to the appraisal community. We've got the legal guidelines that you all have to follow. There's some money that somehow we have to pay back to the ASC. We certainly don't want to get decertified. But, I would also say that we do have the ability to work with ACOW and at least they're in the lobbying position and hopefully we can learn together what we can do to make a difference because this is a problem. We will not lobby, we can only provide advisory.

(00:34:13):

And then, I haven't even thought about this until I was sitting here listening, it may be that we might want to put together a work group. I don't know that we do or don't but we can talk about that later in items. Am I able to say that? Because, we didn't disclose that. Is this okay in terms of...

Jen Clawson (00:34:31):

Mm-hmm.

Scott Biethan (00:34:32):

Okay. Great. I'm always checking to make sure I don't violate [inaudible 00:34:35] meetings because Stan doesn't like that.

Speaker 3 (00:34:40):

Vice Chair Elston has her hand raised.

Scott Biethan (00:34:42):

Oh, thank you. I'm glad I didn't know that. I'm glad you told me because I didn't know that. Please.

Speaker 3 (00:34:47):

Go ahead, Claire.

Claire Elston (00:34:50):

Hi. I was just thinking I'd like to add that part of the issue seems to be that we're kind of catching up from the past couple of years where we didn't have the fee increases that maybe we needed to have. I thought it might be a good idea to add an annual review of the revenue versus expenditures and report that to commission on an annual basis. We can kind of stay on top of this going forward. If there needs to be increases, it won't necessarily be the sticker shock of a 100% increase next time. Thank you.

Scott Biethan (00:35:21):

Okay. Thank you, Claire.

Speaker 3 (00:35:23):

[inaudible 00:35:26].

Bill Dutra (00:35:33):

One thing I'd like to add also is that I believe all the questions on the commission, they need to correctly be filled in. We are going through the rule making process. There are laws and rules related to this. So there will be an opportunity for everybody that's listening on the phone for comments that come in during those sessions, the public comment session for the rules. Questions are asked, we will do our best to respond to those at that time.

(00:36:02):

This is a process that we'll be following, so please pay attention. There'll be notifications. I will tell you that we had filed what is called in legal terms, what is called a CR101, which was notification that the department was going to be exploring rulemaking. They did not have any facts, figures, or anything. It's giving a notification that we were looking at that.

(00:36:23):

The next information will be coming out will be more information regarding the fees and what we have as we learn through this process. I mean, in a perfect world, those numbers, we'd like to see them kind of go down when it's all said and done, but this is what we believe right now based on the information that we have at hand.

Scott Biethan (00:36:40):

Commissioner Sidor.

Stan Sidor (00:36:44):

Commissioner Sidor. One follow up last question maybe. It's really the legislature charges, I mean, correct me if I'm wrong, the legislature charges with the department with proper management of its overall accounts and funds and things. This isn't something increases like this or something you have to go back to the legislature and get them to approve. This is something the department approves and determines.

Jen Clawson (00:37:13):

Yes, so the legislature gives us the authority to set fees, cover the programs, and then we set the fees enrollment. And so, we do both the rule-making process that does provide a public comment as part of the rule-making process.

Stan Sidor (00:37:29):

Thank you.

Scott Biethan (00:37:29):

Commissioner Muhle.

Sydney Muhle (00:37:29):

Okay. I'm going to pop off this time. Anyway, and you said that I could have three months worth of reserve. Would I be halfway or more to the way correct if I took the 966,000 projected expenses and divided it by 12 and multiplied it by three, would that be about right?

Bill Dutra (00:37:56):

Oh my goodness. The math is hard.

Jen Clawson (00:38:01):

My husband warned me I was meeting with a pre-register.

Sydney Muhle (00:38:03):

Are you sure that's right. I should have brought my calculator.

Bill Dutra (00:38:22):

You could. I'm not going to tell you it's perfect.

Jen Clawson (00:38:22):

I think that would be a good estimate.

Sydney Muhle (00:38:22):

It's kind of an approximation.

Bill Dutra (00:38:22):

Yeah.

Sydney Muhle (00:38:22):

I'm not looking for an exact number.

Bill Dutra (00:38:22):

It would be a good estimate of what we're looking for. That's about a quarter of a million dollars.

Sydney Muhle (00:38:23):

Yes, that's \$50,000.

Jen Clawson (00:38:27):

So just to be clear on this fee increase, more than likely it will not get us a three-month reserve.

Sydney Muhle (00:38:33):

Okay.

Jen Clawson (00:38:36):

Now we could be, I mean we could be wrong, right? But we weren't trying to solve both problems with this fee increase. We were trying to do the first one and then kind of settle things down because we weren't excited either about coming forward with the fee increase.

Sydney Muhle (00:38:54):

Yeah, well obviously you have a spare getting charged right now so there's no doubt about that. I appreciate all the information you brought up today. I think for appraisers that have been in this business for many years, this fee is going to be doable. I think for the young people that just got into it and they're raising a family and stuff like that, it's going to be tough. So we're going to have to work our way through it. But anyway, I really appreciate the level of detail brought to it rather than just kind of gently say it might be happening and then all of a sudden you get a bit on. So I appreciate it.

Scott Biethan (00:39:45):

Commissioner Sidor.

Stan Sidor (00:39:45):

I'm sorry, I thought of one additional question. We don't break out the fees at different fees, different fees charged for different types of a appraisal license, both certified general, certified residential. Everybody pays the same fee, right?

Scott Biethan (00:39:58):

Mm-hmm.

Stan Sidor (00:40:06):

Oh, that was it.

Scott Biethan (00:40:07):

Okay. And then also I heard something I want to make sure we clarify. Commissioner Biethan. The reserve is not a statutory requirement but self-sufficiency is, correct?

Jen Clawson (00:40:19):

Correct.

Scott Biethan (00:40:20):

Okay, good. Well and I'll say as much as I really dislike the news, I appreciate the way in which you brought this to us and recognize as not you personally and also appreciate like we had a... Are you confirming that or?

Jen Clawson (00:40:36):

No. No, you're good.

Scott Biethan (00:40:37):

Okay. Okay. And also the exhibits. When we had a preview call last week with vice chair Elston, myself and you all, that was an idea that we all kind of kicked around and you did it turned around very quickly. So thank you for at least listening to us. Can you give us some numbers? Because we're appraisers and numbers are kind of our world.

Jen Clawson (00:41:04):

It was great. We had a great meeting with you and the vice chair as well as ACOW on Friday and both groups gave us such great feedback that really helped us be able to come and share the information that was helpful for all of you and us prepared for this. So we appreciated the feedback and the open two-way conversation so that we could give you what you needed for this conversation.

Scott Biethan (00:41:25):

Right. And we'll break this topic. Let me say it like this. Will you be here through the end of the meeting?

Bill Dutra (00:41:34):

I will actually be in the building through the end of the meeting so I have a meeting afterwards. I won't be in this spot here. One of the things that we did want to before we moved on to other information is we have had conversations of what can we do to try to help this profession in the future not have this difference of [inaudible 00:41:55] some things that are happening. This is what we talked with you Chair Biethan and Vice Chair Elston about moving to our business and professions account, which we currently purchase our O6L account. It does not change your funding. You still have to be self-sufficient, but it gives you a little bit of overdraft protection in case you don't have a three-month surplus of funds in that. We're going to be moving very quickly as an agency on this. The legislation that the department will be asking for, we are currently engaged with other professions including the appraisal management company.

(00:42:32):

So moving into this account as well, that is something that will, we believe could be a benefit. But again, you still have to be a dedicated self-sufficient program. You're not borrowing from anybody else, you're not being supported by anybody else, you're not supporting anybody. So those are things that we can talk about at a later date, but we will be in contact with Chair Biethan and Vice Chair Elston in the coming days to have other people, other comments about that. We have also brought this and talked with the Appraisal Coalition of Washington as well. We've had quite a few conversations with them as well about this proposal.

Jay Sporn (00:43:14):

Commissioners Sporn. One more question. You said that you were just fixing this shortage first and you weren't fixing the three-month reserve. So is that the next thing you'll try to fix with respect another increase on top of this one to get the three months?

Jen Clawson (00:43:25):

I think our big thing that we're going to do is start watching what the fund balance is doing, watching what our numbers are doing and then we'll have conversations what our next steps are.

Jay Sporn (00:43:34):

[inaudible 00:43:35]

Jen Clawson (00:43:35):

Possibly. I mean I don't want to promise either way. I do think that that there are struggles both ways but being completely honest about this will not fix our three-month reserve with our projections that we have right now. It will keep us covering our expenses. This is where Bill was talking about our bigger professions accounts, O6L accounts. What that would do is we have lots of large professions in that as well. It doesn't have each fund having to have their three-month reserve. As long as you're seeing in the black overall our fund has a three-month reserve. So if there was an emergency, one thing we like to talk about is if a case goes in front of heads down the process of us being prosecuted, right? We are having to deal with lawyer fees and different things for your profession. If we don't have that three month resort, we can get into some tricky space right there depending on where those bills go. In this account, it would allow us to cover it and recoup costs in that larger account.

Bill Dutra (00:44:40):

And another reason why is, and I'm sorry Commissioner Sidor.

Stan Sidor (00:44:43):

No, go ahead.

Bill Dutra (00:44:45):

Is we have to react with what the legislature brings us and this also indicated before, some of these changes in public living increases that happen for state employees. That doesn't come with money. The legislature doesn't say cover this, it is your program's covering it, know what's going to happen. I don't know what bills are going to be presented. Nobody really does. That may have an effect. And so instead of trying to fix that problem now and then going back again to fix it again, we want to see what's going to happen so that we don't have to have multiple conversations like this because it's not fun for anybody.

Stan Sidor (00:45:26):

Commissioner Sidor. I'm curious on this chart that you provided where it shows our commission account ending funding balance for fiscal year '24, which I guess right now you're only showing about \$53,000 in the account, but this fee increase you're proposing isn't going to go into effect as it goes into October. Do we have enough funds to carry this from now until October?

Jen Clawson (00:45:51):

Yeah, that is our projected time it happens.

Stan Sidor (00:45:57):

At the end of this fiscal year and this fiscal year ends...

Jen Clawson (00:45:57):

In June. June 30th.

Stan Sidor (00:46:00):

Does it? Okay.

Jen Clawson (00:46:01):

No, I mean so we got 11 months,. So this projection is where we'll end June 30th.

Stan Sidor (00:46:08):

Of next year.

Jen Clawson (00:46:09):

Yeah, I'm sorry, you are right, of next year. We haven't entered January. Yes, of next year of 2025.

Stan Sidor (00:46:14):

Even with adding in monies that will be coming in from this fee increase?

Jen Clawson (00:46:20):

I believe that is with our projections.

Stan Sidor (00:46:23):

So this is pretty small. I mean it's not a lot of money.

Jen Clawson (00:46:27):

I believe that we'll double check on that. Because I need to make sure I understand how she did those projections.

Stan Sidor (00:46:32):

So I apologize. One more question. Just got all kinds of things going, the appraisers to get things through. Are you budgeting to pretty much have a break-even standpoint or a three-month balance?

Jen Clawson (00:46:51):

Are you asking me with this fee increase, are we trying to have the three-month reserve?

Stan Sidor (00:46:56):

With this fee increase? Are you really just trying to make sure there's enough just to cover annual expenses just to break even and not build up a reserve?

Jen Clawson (00:47:05):

Correct.

Stan Sidor (00:47:05):

Okay. So if you were to try to build up reserve, you'd actually have to increase the fee.

Jen Clawson (00:47:08):

Yes.

Stan Sidor (00:47:08):

Appreciate it.

Denise Stephens (00:47:08):

Commissioner Stephens.

Scott Biethan (00:47:08):

Go ahead.

Denise Stephens (00:47:16):

In your projections of this increase, do you know if they took into consideration that this increase might drop some of it? So in the projections did part of that play in the overall ending analysis?

Jen Clawson (00:47:32):

I'm pretty sure it did, but let me clarify that what we projected, so you all know what we projected.

Denise Stephens (00:47:40):

I'm just curious kind of what your projections are.

Jen Clawson (00:47:42):

It'll be, [inaudible 00:47:46]. It'll be important to see what did we project and then what starts to be reality and then we can have some of those conversations with all of you.

Denise Stephens (00:47:52):

All right, thank you.

Jen Clawson (00:47:53):

Welcome.

Scott Biethan (00:47:54):

So this is to Commissioner Biethan. Is it too much work? It would it be possible to get kind of like an update in each of our meetings and it doesn't even necessarily need to be coming down and you the whole dog and pony show, but at least here's what we projected, here's where we're at so we can at least see how it's going because it would help I think us to understand how we get into it. Again, you're looking for break even at the moment for sure. It would be nice you're looking for a break even. But is that something would be possible to have as an ongoing?

Jen Clawson (00:48:26):

Absolutely. We're committed to help. The transparency is really important to all of us and for all of you.

Scott Biethan (00:48:32):

Agreed.

Jen Clawson (00:48:33):

Continue to build trust with the agency and with our licensees and I have no problem either attending and sharing where we are or having one of my-

Scott Biethan (00:48:42):

You can put that on.

Jen Clawson (00:48:43):

... my team members doing that for the next several commission meetings.

Scott Biethan (00:48:46):

And also confer because we all like I'm licensed in a number of states and this is a huge number compared to many other states, but a lot of those states are not legally required to be self-funded. That's a correct statement.

Jen Clawson (00:49:00):

Yeah. From what we see, we did a bunch of comparisons to other states. It's really hard to compare apples to apples because our funding structure is required to be self-sufficient. In other states there's other funding sources that come in and help offset the operating costs of those programs. So it really depends on the different state and how they get their funding sources.

Scott Biethan (00:49:24):

So the change that would be a legislative action for somebody like ACOW could maybe think about, right?

Jen Clawson (00:49:30):

It would take a change in the law to change your funding structure.

Scott Biethan (00:49:34):

Got it.

Bill Dutra (00:49:35):

We found some state that I think, and I think it was the Appraisal Coalition of Washington then we all looked at the same thing. I think there's one state that I think the fee that is charged by the state and trying to raise it to like \$8 for their appraisal fee. [inaudible 00:49:50] A state that was, but I thought it was a piece but I thought that was really interesting. I don't know how you run a program on with a small license base also. So it was very small, very, very small.

Scott Biethan (00:50:06):

Good. Okay, any other questions? Thank you both very much and if I understand you've got other thing to do, I guess I would ask maybe because there I'm sure we'll hear public comment and there'll be available online and I don't mean to tell you what to do, but make sure you listen to it. If you're not here, it would be appreciated because I think that will be, there'll be a lot of feedback now and I think going down the road.

Jen Clawson (00:50:34):

Absolutely. We do take the feedback seriously.

Scott Biethan (00:50:37):

We know you do.

Jen Clawson (00:50:42):

Yeah. Thank you so much for your time today.

Scott Biethan (00:50:42):

Thank you

Denise Stephens (00:50:43):

Chair Biethan, can I request from the commission that you take a five-minute break? We're having technical difficulties that you're not aware of with the screen behind you, but unfortunately none of our audience could see you projected today. They can all hear you crystal clear but the camera is not working. So IT is here and they're going to take five minutes.

Scott Biethan (00:51:00):

We'll just take an IT break and that sounds great.

Denise Stephens (00:51:02):

And then we will come back.

Scott Biethan (00:51:05):

All right, so we're back on the record now.

(00:51:08):

And thanks everyone. It was an interesting discussion and I really do appreciate staff that didn't have an easy job here this morning.

Stan Sidor (00:51:16):

Chair Biethan.

Scott Biethan (00:51:16):

Yes.

Stan Sidor (00:51:20):

Some of us were having some conversations during this little break period and a question came up about appraisers on inactive license status. Does the state still have to pay the ASC \$80 a year per appraiser if for those who are on inactive status, I'll try to get that out real quick. I think we need to look into that and find out if that is the case. And if so, we should probably be looking at adjusting the fees for inactive appraisers by at least \$80 a year that they have to pay while on inactive status to cover that ASC fee. If that is the case, and I'd like to ask staff to look into that and report back to us at the next meeting.

Speaker 3 (00:52:09):

We can absolutely look into that and we'll report out at the next meeting.

Stan Sidor (00:52:13):

Thank you very much.

Scott Biethan (00:52:14):

Yep. Good, good. All right. And that's actually, thank you Commissioner Sidor. That's a really good thought here. All right, and that was Commissioner Biethan to make sure. All right, we're going to move to six and turn it over to Sandy.

Sandy Baur (00:52:33):

Thank you very much. Chair Biethan. At this point we would really like to welcome our new commission member, Joe Moore. We're very excited. We're very excited to welcome him to the commission. He's been a licensed appraiser in Washington for over 16 years. He's currently going to be filling the financial employee seat on the commission. We're very excited. He's been working for financial institutions for the last 10 years and he is currently a vice president of appraisal services and operations. At this time I'd like to turn it over to Commissioner Moore to introduce yourself just a little bit if you'd like.

Joe Moore (00:53:16):

Thank you, Sandy. I appreciate the opportunity to serve on the commission and learn and support all of our missions and purpose. Thank you.

Scott Biethan (00:53:26):

Welcome, welcome.

Sandy Baur (00:53:27):

Thank you so much. And back to you Chair Biethan.

Scott Biethan (00:53:30):

Yeah, I had a chance to speak to Commissioner Moore a little bit before by telephone before the meeting. We're really excited to have you here. It's going to be a great addition to our group. So moving on to old business and we have invited the president of ACOW, Kathy Walsh to come speak to our group and kind of prepping for this and we'll talk more when we get to the HB 1110 in a later part the agenda. But I have to say that the ACOW group has been doing a really good job of following the issues around upzoning and everything else. And so we're we preview coming and speaking to us and helping us to learn more about what's currently happening.

Denise Stephens (00:54:22):

Thank you very much, Chair Biethan. So at our last meeting in April, I talked about the impact of middle housing on appraiser licensing restrictions. And in particular, we talked about the highest and best use analysis. We had guidance from the Attorney General that allowed residential up zoning on a residential property was not determinative of the appraisers authority to appraise the property. So we had that at that time. We asked that it be published, which it since has been done and it's an FAQ on the DOL website now. So we called this a win. However, there are still questions about the competency challenges with the highest and best use analysis and appraisers are still feeling very vulnerable and unsure. So since that meeting, the appraisers coalition has taken two actions. The first is that we're in the process of

developing a highest and best use competency class that will be available to all appraisers in September via Zoom.

(00:55:22):

It'll be a four-hour CE credit class and it'll be free to all coalition members. The second is that we reached out to the ASP of Appraisal Foundation for some use about clarification. We looked at AO21. The advisory opinion describes what actions constitute an appraisal and must follow standards rules one and two, and what actions constitute a valuation service where use PAP applies, but there are no standard rules. So in the case of the highest and best use analysis where the conclusion is five or more units and the residential appraiser will stop the assignment because we have to. It is no longer an appraisal. Communicating the reason why the appraisers stopped is not an appraisal or an appraisal result, but that act is a valuation service for the appraiser is acting as an appraiser. Therefore, when reporting the highest and best use analysis, in such case, the ethics rule, competency rule, jurisdictional exception rule apply. However, it is not clear which, if any standards, rules apply, we are free to report our highest and best use analysis and our conclusions [inaudible 00:56:40] take this.

(00:56:43):

We look at this and think, well that means a highest and best use analysis on its own is not an appraisal and then therefore would not be subject to licensing restrictions. However, there's never a simple, straightforward answer. As appraisers, we must look at the intended use, the intended user, determine how far we go in determining the potential uses of a property that is impacted by middle housing upzoning. And when we do this analysis, to what depth, when does it become an appraisal? As appraisers, we must balance the depth of the analysis with the option to stop. So we're caught in this how far before we cross that line. So we took this to the Appraisal Standards Board, they're reviewing the advisory opinion and we're waiting for the response. So we've been contacting them. I think it's going well. Moving forward, we continue to learn boots on the ground impact of the zoning changes. On June 1st, Spokane was one of the first to implement the new zoning allowance.

(00:57:51):

In Spokane residential lots, unless they're restricted by a deed, can support multiple units without a maximum limit. If the space allows it, you can build it. Anne Olsen, a director for the coalition, held an appraisal roundtable in Spokane along with the city planner builders and developers and realtors. What they found was that the builders and developers are not currently rushing to tear down existing homes for redevelopment. Instead, developers are primarily seeking lots with alley access or corner lots, which offer greater potential to maximize the number of units. Several projects are already in the way, indicating builders and developers are taking advantage of the new zoning. There's some more complexity in that with fire code restrictions when they go over four units. So there's a lot to it, but they are just starting. While the new zoning code theoretically allows for higher density redevelopment of most residential lots, appraisers must consider other factors such as market demand, construction costs, community response, and determining the actual impact on Spokane's housing market.

(00:59:07):

The coalition also met with Brennan Staley, Strategic Advisor on Urban Planning and Policy for the Seattle Office of Planning and Community Development, who presented the One Seattle Plan to us, which among other things would allow for a unit lot subdivision, co-housing units, and corner stores in residential areas. Currently, a builder-developer can add additional units to a parcel by converting it to a condominium. We are aware of instances where the developer built a single-family home with an attached ADU and a DADU, which created a situation that's really difficult to finance. It's not an allowed property type for Fannie Mae loan due to the multiple ADUs, you can only have one ADU. The property was then converted to a condominium where each of the three units were sold individually as condominium units.

(01:00:03):

... where each of the three units were sold individually as condominium units. Unit lot subdivision allows this division without the complications of a condominium agreement and it's currently allowed in other zoning areas and is an accepted practice. So I think this is a much better solution than converting to condominiums on, really, residential properties.

(01:00:24):

We raised concerns, however, about the plan to allow corner stores and multiple co-housing units, which would be considered a commercial use. They're anxious to understand the limits and differences between residential and commercial appraisers. And the coalition will continue to work with Seattle and Spokane, providing input from an appraisal and lending standpoint to help mitigate the unintended consequences.

(01:00:53):

Lastly, we were invited to speak as part of a middle housing panel to the Appraisal Foundation Joint Council's meeting held in Washington DC. Lynn Marie for the Appraisal Coalition Vice President, Justin Slack, Heather Sullivan and I answered questions about the impact of middle housing on appraiser licensing. Hopefully we provided some clarification as other states are facing similar issues as this becomes a national issue now.

(01:01:24):

Thank you for allowing me to speak today. As you can see, this is an ongoing issue with many people involved in finding solutions. Thank you.

PART 2 OF 4 ENDS [01:00:04]

Scott Biethan (01:01:35):

Are there any questions for Ms. Walsh?

(01:01:44):

Would you remind me, I do have a question, so Spokane, they allowed upzoning to unlimited, is that what I heard you say?

Denise Stephens (01:01:56):

If it fits, you can build it.

Scott Biethan (01:01:59):

I beg your pardon?

Denise Stephens (01:01:59):

If it fits, you can build it.

Scott Biethan (01:02:02):

Okay, good. We really appreciate what you're doing. You're doing a lot of work and it's very much valued, and so thank you for helping us to understand what's happening out there. And like I said, there's a lot of things that you'll be doing that will help the appraisal profession in the state of Washington. So, huge thanks.

Denise Stephens (01:02:23):

Thank you. There are a lot of moving pieces, I can tell you. Happy to do that.

Scott Biethan (01:02:30):

Okay.

Denise Stephens (01:02:32):

Thank you.

Scott Biethan (01:02:38):

Thank you. All right. We will move into old business. Sorry, into new business, forgive me. I'm going to turn it over to Ms. Baur for license reciprocity.

Sandy Baur (01:02:53):

Thank you, Chair Biethan. As you know, last year we hired a military spouse liaison, Mr. Jason Lin, and he came to one of your meetings last year to introduce himself and talk about the work that he was hired to do. We've invited Mr. Lin back so that he can update you on all of the things that he's been doing, including license reciprocity. And I would like to turn it over to Mr. Lin, thank you, who will be reporting remotely.

Jason Lin (01:03:27):

Thank you. First of all, I'd like to thank the commission for the invitation to come and just give a brief overview. I know time might be limited, so I'll go ahead and make this pretty brief.

(01:03:38):

Yeah. So last year I talked about what we were doing with expedited licensure for the military community. Over the last several months, we've put in a lot of work to make sure that we are in compliance also, with laws at the federal level that require us to recognize professional licenses for service members and their spouses whenever they move here from another jurisdiction on military orders.

(01:04:06):

So the military community moves every two, three years. A lot of times there's a lot of downtime getting their licenses converted from one jurisdiction to another. So this was supposed to help

reduce that and allow them to get to work sooner. We have put ourselves in compliance with that law and we're already starting to see it pay off. We have spouses, a lot of times from Texas, California, Hawaii, who are moving here and they get in touch with us and they have, a lot of times, been working in their profession for several years and they want to get a Washington license. And so, we're putting them on that path to go ahead and do that as quickly as possible, as long as they meet the eligibility requirements.

(01:04:54):

And this doesn't just apply to DOL, it applies to all licensing agencies such as Department of Health, L&I. And what we've been able to do here has gotten a lot of praise from people who are working in this area. I think we're setting the standard for how to address this, so we're really happy about what we've been able to do here. I know there's probably more work to do that we'll continue to do in this area. But I know for the purposes of the time, I'll go ahead and keep it brief. But pending any questions, I'll go ahead and wrap up my presentation at this time.

Scott Biethan (01:05:25):

Thank you very much. Are there any questions on that report?

(01:05:34):

Okay. Seeing none. We'll move into reports and starting with Commissioner Stephens.

Denise Stephens (01:05:48):

Thank you, Chair Biethan. I'm working on the Mass Appraisal Education Requirement subcommittee. We meet every two months. Last month we met with a Thurston County representative, Mr. Doyle Dean, who provided some input on our mass appraisal partners. We reviewed portability between the Department of Revenue and the DOL classes, and the classes were not compatible enough to count as credit in lieu of each other.

(01:06:25):

We discussed the lack of qualified supervisors to support the aspiring appraisers. New upcoming appraisers need to have an appraiser bring them on as a trainee, and the trainees are not finding somebody willing enough to do that. We discussed practical applications of the Real Estate PAREA program as an alternative pathway to licensure and its ability to alleviate supervisor challenges.

(01:06:57):

That program is computer- based and they can do some of their practical stuff on the computer so that it'll give them a jump on their training. So we're really excited about that program. The subcommittee continues to review that program and how it might help the assessment field for those appraisers that are working in mass appraisal, maybe move forward to get their licenses using this program. Mr. Dean Doyle will attend the next subcommittee meeting and the next one will be tomorrow. We'll meet tomorrow and then we'll meet again in two months. And that's all I have. Anybody have any questions?

Dean Potter (01:07:50):

Commissioner Potter, I am so happy that you see PAREA as a great benefit as a pathway for assessors.

Denise Stephens (01:08:02):

We're excited about it.

Dean Potter (01:08:02):

Yeah, that really closes the call as far as that, getting a trainee and mentor or a supervisory appraiser.

Denise Stephens (01:08:09):

Right, because they're doing the work, but they're not doing it to the capacity to get licenses.

Dean Potter (01:08:14):

We always struggle for that.

Denise Stephens (01:08:16):

And this is going to be a great pathway for them. We just need to get the information out there.

Dean Potter (01:08:21):

Yeah. Oh, that's great. But you did cross reference the... It wasn't the IAAO courses, it was the DOL courses?

Denise Stephens (01:08:32):

Well, what we looked at is requirements from the Department of Licensing versus the classes that IAAO offer. And we were trying to wrap them up so that if you took an IAAO class, it would meet DOL requirements. But what happens is, DOL requires this class and this class and so many hours, and the IAAO class wraps them up together in less time. So it's not going to work.

Dean Potter (01:09:04):

Okay. The Department of Revenue also has courses, right?

Denise Stephens (01:09:11):

The Department of Revenue is getting out of...

Dean Potter (01:09:16):

They're getting out of that?

Denise Stephens (01:09:18):

The education part, yes.

Dean Potter (01:09:21):

Oh, okay. All right, because I always thought that they offered that.

Denise Stephens (01:09:25):

They did. They used to.

Dean Potter (01:09:25):

Okay.

Denise Stephens (01:09:28):

But in the past, their budget has not supported it and so they're getting out of the education department.

Dean Potter (01:09:36):

Okay. All good. Thank you very much. I liked your report.

Denise Stephens (01:09:45):

Thank you.

Scott Biethan (01:09:46):

Yeah, it must've been a lot of work too. Thank you. Any other questions?

(01:09:51):

All right. Seeing none. 9.1.2, and we're not going to rehash anything that has been presented, unless we want to, from Kathy Walsh, but we have got a working group called the HB 1110 subcommittee, and I'd like to propose that we rename that group Upzoning because HB 1110 is one of many topics that are interrelated.

Stan Sidor (01:10:23):

I'll second that motion.

Scott Biethan (01:10:25):

Yeah. And then, I guess would like to ask the members who are in that group to remain on if they're so willing and we can talk about that as we go forward. But do we need a motion and a second on that or is that just administrative?

Sandy Baur (01:10:41):

It's administrative.

Scott Biethan (01:10:42):

Okay.

Stan Sidor (01:10:43):

Chair Biethan?

Scott Biethan (01:10:45):

Yeah.

Stan Sidor (01:10:46):

These committees, or maybe this is a question for Sandy, our subcommittees, are those only composed of commission members and can only be composed of commission members?

Scott Biethan (01:10:56):

No.

Stan Sidor (01:10:56):

Or can we bring in outside?

Scott Biethan (01:10:57):

We already do.

Stan Sidor (01:10:58):

Is Kathy on our subcommittee too?

Scott Biethan (01:11:00):

Todd Reddington is.

Stan Sidor (01:11:02):

Todd is.

Scott Biethan (01:11:02):

And he's invaluable. He's really helpful.

Stan Sidor (01:11:04):

He is, he's good too. I'm thinking maybe if Kathy is interested, we'd also invite Kathy because she's really got her finger on the pulse of a lot of this stuff too.

Scott Biethan (01:11:15):

I would defer to ACAL how you guys want to deploy into that group and you're always welcome and so yeah, thank you. As a reminder, and that's a way to help us get input from not just the commission.

Sandy Baur (01:11:30):

If we change members, we would need a motion, a second and a vote. If we change to members.

Scott Biethan (01:11:35):

Okay. But if somebody wants to come in to a meeting in an advisory role on a one-day basis.

Sandy Baur (01:11:41):

Do you want a guest speaker to come?

Scott Biethan (01:11:41):

I guess they do.

Stan Sidor (01:11:42):

We can invite them. Yeah.

Scott Biethan (01:11:42):

Yeah? Okay, great.

Stan Sidor (01:11:44):

Thanks.

Scott Biethan (01:11:46):

Okay. Yeah, Todd's been great because he brings the perspective of residential and of ACAL and he's got a lot of good thoughts. So no?

(01:11:58):

Is there something we need to revise?

Sandy Baur (01:12:01):

I guess, speakers for our subcommittee.

Scott Biethan (01:12:03):

Okay.

Sandy Baur (01:12:03):

Okay.

Scott Biethan (01:12:04):

So we'll get speakers for sub committee. So we'll deal with that. We'll follow the rules.

Sandy Baur (01:12:10):

Okay. Thank you.

Scott Biethan (01:12:10):

All right, not a problem. All right.

Stan Sidor (01:12:14):

We have a motion on the floor to change the name.

Scott Biethan (01:12:16):

Yeah. And any other questions? Seeing none. All in favor say, "Aye."

Stan Sidor (01:12:21):

Aye.

Scott Biethan (01:12:22):

Opposed? Okay. Motion carries. Moving to 9.2.

Sandy Baur (01:12:31):

All right, next up we have our complaint case report and I would like to turn it over to Mr. Nathan Buck to kick off this report.

Nathan Buck (01:12:43):

Thank you very much and good morning. My name is Nathan Buck. I'm the investigation supervisor for the appraiser programs. I'm going to be reporting out the numbers. These reflect the date range of January 1st, 2024 to July 10th, 2024. So the total complaints received as of the last day of July 10th would be 45. In investigations currently, we have 39. Legal, two. In management review, that's five. That is also considered our investigations group as well, so that would bring that number to 44 with a reopen of one, which would bring our investigation numbers because that would be in the same group, to 45 total. We have closed within that date range 61. With all of those together, would be 108.

(01:13:40):

We will go ahead and move into the most common intake complaints. Most of the time in our report outs, they will be quite similar from the last time I presented to the board. There are times that we get an influx, which may show some differences. This report out was one of them where we have a slight difference here, and you will notice that in the bottom portion. So our most common intake complaints would be the inappropriate comparable cell selection use of dissimilar comparable cells due to site characteristics. And use of physically dissimilar comparable cells due to age. We have also added a current influx of use of bias language in a report. The most common investigation findings, this would be post investigation, would be unsupported adjustments, use of dissimilar comparable cells, misreporting condition and quality, and use PAP ethics violations. With that, I will go ahead and open it up to any questions, if there are any.

Scott Biethan (01:14:44):

Have any questions?

Stan Sidor (01:14:48):

I don't know how to phrase this question. I'm curious. It's interesting to note that you're getting complaints based on biased language in a report. Do you have any examples of what was and why they considered that this is something that should rise to the level of a complaint to the DOL?

Nathan Buck (01:15:11):

Yes. So some examples of those would be what has been seen based off of the PAVE group that was created by the Biden administration. They have been pushing a lot of these types of reports over making sure that things are put to light. With that, we have seen an influx currently of Freddie Mac complaints, which have been showing reports using words such as gentrification or other similar terms such as working class or I think we have also seen similar to what I've currently seen, use of words such as Chinese or European or something similar to those wordings.

Stan Sidor (01:16:06):

Interesting. I'm curious, I mean, gentrification, isn't that an economics or a real estate type? I'm not sure the class it falls into, but isn't that a recognized modality or whatever you want to refer to as something that goes on in the market? Why is that necessarily biased?

Nathan Buck (01:16:33):

So we would look at all aspects of it. We would be looking at the use of gentrification into the terms of what the protected classes are. So based on that is where we would do our investigation and move forward. As far as our own definition of that and how it applies to the profession, that's something that I could get with Sandy at a later time and we could present or provide to the board at a later time.

Scott Biethan (01:16:58):

Sure. Thank you. Appreciate it. Would it be possible to get a list of words that you're looking out for?

Nathan Buck (01:17:10):

Thank you for the question. That would be a little bit of exhaustive because there is a lot of different wordings that come out. However, we could look at some of the more common areas, and again, I could probably get with Sandy at that point and we could provide that to the board at a later time.

Scott Biethan (01:17:27):

Great. And a question, the biased language in reports, while it is not appropriate, in any case, is it only enforceable in residential? And I mean, all forms are residential or is it enforceable all across the property types? Can I remember sitting through your presentation one time and it was the housing laws that bind the legality to it. That then allows you to see that as a license violation. Is the same true if it's an office building, a shopping center, or I'm just kind of curious what are you able to enforce and through what mechanism?

Nathan Buck (01:18:13):

So we review aspects of all versions of the reports and complaints that we receive. We do compare those to the use PAP as well as the RCWs and WACs. We also ensure that if there is any type of violation or excuse me, complaint of this type of violation, we involve the Human Rights Commission as well to have them look into that and see if there's any sort of violation on that aspect as well.

Scott Biethan (01:18:44):

Okay. Thanks. Any other questions? All right, thank you very much.

Sandy Baur (01:18:52):

Finally, we'd like to invite Jessica Koenig to talk about what the most common remedies or sanctions are based on those investigative findings.

Jessica Koenig (01:19:06):

Thank you. Jessica Koenig, Legal Services Manager for Regulatory Compliance and just as a bookend for cases where we have established that there are violations of use PAP rules, RCWs WACs, we see that the most common remedies for disciplinary action for those cases would be fines, continued education and license suspension.

Sandy Baur (01:19:34):

Any questions?

Stan Sidor (01:19:37):

This is Commissioner Sidor. What is the range of fines that you have been levying from what low figure up to how high?

Jessica Koenig (01:19:48):

I would be happy to get you those numbers. I can get those to Sandy after the board meeting.

Stan Sidor (01:19:56):

Give me the average.

Jessica Koenig (01:19:57):

Yeah.

Stan Sidor (01:19:57):

Just curious.

Jessica Koenig (01:20:00):

It kind of depends. It depends on how many violations we find. It depends on the history of disciplinary actions. So there really isn't a cookie cutter answer for a range because it does depend on the specifics for each individual case. But again, I could come up with a low high range and get those numbers to Sandy after the meeting for you to review.

Stan Sidor (01:20:32):

I mean, I'm just curious. I mean, are we talking from \$50 to \$500 or are we talking from a hundred to \$20,000? I mean, what kind of range is it looking at? And the other question, I'm wondering how many appraisers have actually their license suspended? And I know that this used to be reported on the DOL website. I'm not sure that's being done anymore.

Jessica Koenig (01:20:57):

It is not being done right now as far as reporting on our website. We do have reporting responsibilities to the ASD, so every disciplinary action does have to be reported on their website. As far as the Department of Licensing, that is something that we are currently trying to fix and get set up. Again, we're just trying to work out the details and how we can get our system to communicate with the website and report out accurately without giving out information that isn't public record. As far as the fines are concerned, you wouldn't see a fine lower than \$500. I can tell you in the last couple of years we haven't had any fines that have reached 20,000 even though there were some very large fines imposed previously in DOL history. But I

would say that the start amount would be about 500 and could go up to a few thousand, probably nothing more than 10,000, just pulling numbers out of my head.

(01:22:20):

So yeah, I could honestly say that the range is probably between 510,000 would be a safe number. And as far as the license suspension to answer to that, that is a last resort for us. Obviously we want to keep our licensees active and working and we want to support them in doing that. So that is not something that we take lightly. That would be something that we would only turn to in extreme circumstances or in instances where we have a licensee that is just refusing to follow the guidelines and the laws and the rules use PAP.

Scott Biethan (01:23:07):

Thank you.

Jessica Koenig (01:23:08):

You bet.

Scott Biethan (01:23:10):

Good. Any other questions? Commissioner Sporn?

Jay Sporn (01:23:13):

Yeah, Commissioner Sporn. I just had a question. Do you do any kind of educational pages or a places you go? I mean I remember, I think the Real Estate commission at one time, they would say appraiser A or a realtor A so and so. And basically just kind of as an example to the other members out there is, "Hey, this is something you don't want to do." We see that a lot. And I know some other states do that. Do you do anything like that?

Jessica Koenig (01:23:42):

Just to make sure that I'm understanding your question. Are you asking if there's somewhere that we list what violation took place and what education could match that to help other other appraisers?

Jay Sporn (01:23:57):

Example of a case, an investigative case and so this was the contended violation. And you went it through and made a determination, there was some kind of violation or whatever. And what they did is, they wouldn't give any names, of course it's all confidential, but they would give an example is basically, "Hey, if you do this, this could happen to you."

Jessica Koenig (01:24:20):

We don't have anything like that on our website. And something like that could be problematic only because there are so many different things that go into our decision. Again, nothing is cookie cutter. There's no cookie cutter answer or a sanction that really matches each and every instance per violation of the specific RCW. So there is a lot that we take into account. So at this time, department of Licensing doesn't have that listed anywhere and I don't know that that would be anything that we could really do and have it be really accurate and helpful to licensees.

Jay Sporn (01:25:02):

Okay. Thank you.

Jessica Koenig (01:25:02):

Because that is something that could be brought up later. Yeah, you're welcome.

Scott Biethan (01:25:10):

Question on the screen?

Jessica Koenig (01:25:11):

Yes, sir.

Scott Biethan (01:25:14):

Commissioner Elston?

Claire Elston (01:25:19):

Yes. Can you hear me?

Jessica Koenig (01:25:22):

Yes.

Claire Elston (01:25:23):

You can hear me?

Jessica Koenig (01:25:23):

Yeah.

Claire Elston (01:25:23):

All right. My question is, since there's fines collected, I wanted to make sure from an accounting standpoint, based on our earlier discussion of how we're raising appraisal fees, licensing fees due to the shortfall, this would offset the cost of investigation? I would think so. I wanted to ask if Bill was still in the room there, if they were including the income from those fines to offset expenses.

Jessica Koenig (01:25:51):

I wouldn't be able to answer to the accounting side of that, but that is definitely something that we can get the answer for. I wouldn't have the answer to that. That's not within my will-house as far as how the fine money is dispensed off the top of my head. But we can absolutely get that information to the board.

Sandy Baur (01:26:12):

I can add that question to the information that we're going to get for the budget report out. It's a great question.

Scott Biethan (01:26:20):

Good thanks. Thanks Claire. Any other questions? Okay, thank you very much for that information. And so we will move now into the license count with Tanya Hessler, the support services program manager.

Tanya Hessler (01:26:47):

Good morning. I am Tanya Hessler. I'm the program manager over appraisers. Here's our licensee counts as of July 10th, 2024 across all of our license types. So we have 64 and above was six hundred and one fifty five to 64 was 7 93, 45 to 54 was 713 35 and 44 to 525 to 34 at 2 46 and under 25 and under just 20 with a grand total of 2,873.

Dean Potter (01:27:26):

Good.

Tanya Hessler (01:27:27):

As of July 10th, 2024, we have processed 137 new applications and 651 renewals. If there are no questions, I'll turn it back to Sandy.

Scott Biethan (01:27:43):

Are there any questions? Great. Sorry, I realize it is hard because I got the page, but you can't really see the screen, so, okay, moving on. I am not answered a question. So we've not really experienced this. We are now 15 minutes before the stated end of the meeting and the public commentary period. We're not going to shut off at noon. Do we need to do a motion to extend or do we just keep going? Okay, great. So I'll turn it over to Sandy for the housing market report.

Sandy Baur (01:28:21):

Yes, I'm super excited about this. The Washington Center for Real Estate Research publishes a housing market report every quarter and so we will be adding this as a report out to each of the meetings. I just want to do a brief overview of what's in the report. The entire report has been added to your packet. You can also go to the Washington Center for Real Estate Research website, which is also in the packet. The link is in the packet to read the report in its entirety. So the first little thing that I would like to bring your attention to as an overview is there is a 21.5% year-over-year decline in SAAR sales.

Stan Sidor (01:29:17):

And excuse me, question Commissioner Sidor, what is SAAR?

Sandy Baur (01:29:18):

That's a great question. I don't know. I just took the highlights of the report to add.

Jay Sporn (01:29:27):

Yeah, because it says seasonally adjusted annual rates.

Sandy Baur (01:29:30):

That's it right there. Seasonally adjusted annual rates. Thank you so much.

Scott Biethan (01:29:36):

You got all A's, didn't you

Sandy Baur (01:29:40):

And we also have a 9.3% year over year increase of the median selling prices of the housing market. We have a 63.1 is what is our statewide all buyer housing affordability index. And as you.

(01:30:03):

... our Housing Affordability Index. And as you can see, there's some first-time buyers versus the actual affordability index. Next we have... Out of this last quarter of this report, approximately 909,357 homes that are actually available for sale at the end of the quarter. Most of the real estate market likes to have a three-month supply in the sales market and we are sitting at only 1.8-month supply. Next slide. And that wraps up the highlights of the housing market report. As I said before, the housing market report in its entirety is in your packet, so if you really want to dig into those numbers, they're available and that might bring a little bit more clarity on what the housing market is doing and why. And with that I'm happy to answer any questions as much as I'm able.

PART 3 OF 4 ENDS [01:30:04]

Scott Biethan (01:31:20):

Any questions? All right.

Sandy Baur (01:31:23):

Okay, thank you so much.

Scott Biethan (01:31:25):

I think it's off to Sandra for the master action items list.

Sandra Schaefer (01:31:29):

Yeah, excuse me. Thank you. So we are currently working on filling the vacancy of Vice Chair Elston. She has graciously agreed to fill the tenders as she can until we have built that position. But we so far haven't received a whole lot of applicants. So we haven't been able to... Of course [inaudible 01:32:00] itself. It's just a matter of reaching out to folks.

Scott Biethan (01:32:03):

And confirming there are no slots that we need to fill to be compliant with the guidelines for the board constituency. Correct?

Sandra Schaefer (01:32:10):

Correct.

Sandy Baur (01:32:11):

Correct. We need an at large member.

Scott Biethan (01:32:13):

It's at large.

Sandra Schaefer (01:32:16):

And then you had requested the commission had requested that we invite Scott Rutter and Rachel Beams from Fannie Mae and Freddie Mac as guest speakers at a meeting. So we're going to coordinating that for October. We'll give you an update if you're not successful, but hopefully we'll see them in October and Sandy will report out on property data collection.

Sandy Baur (01:32:41):

All right. For property data collectors, the Department of Licensing does not regulate property data collectors, so there isn't a whole lot we can do about property data collectors. We can however really ask that if you believe someone is a property data collector and they're working within the scope of an appraiser without a license, please let us know and file a complaint against that. We also have been hearing that Fannie Mae, Freddie Mac are starting to move away from having property data collectors and moving more towards online data collecting. So I'm not sure how that will look in the future, but we will keep an eye on that. Are there any questions?

Scott Biethan (01:33:30):

All right.

Sandy Baur (01:33:34):

All right, thank you very much.

Scott Biethan (01:33:38):

Thank you, [inaudible 01:33:37] none. I guess, anything else for the master item list? So I'm going to ask the question, we really haven't had a discussion if we wanted to put together potentially consider putting together a working group on the license fees to kind of monitor and I don't even know. So first of all, would the discussion about that be appropriate at this point in time or do we need to schedule it and have the next meeting? I'm just trying to make sure I'm wayfinding the right way here.

Sandy Baur (01:34:06):

That's a great question. I think we had already identified that we are going to have a old business item, a continuing report out from DOL on that. It-

Scott Biethan (01:34:21):

But if we wanted to have a group that internally discussed this as a commission, like the working groups we have for now Upzoning and things like that because we're not going to be doing anything on an advocacy basis. But I think certainly gathering that information, staying on top of yes we can have a report out once a quarter, but having that potential discussion between times in a more formal way. I don't even know if we want to do this. I thought about it, but now my question is if we wanted to do this, what procedural is the right way to do it within the context of...

Sandy Baur (01:35:03):

You would need a motion in a second to form the subcommittee and then assign members.

Scott Biethan (01:35:06):

And now would be an appropriate time and okay to do it at this point in time, am I correct on that? You guys are all looking at... Just tell us what we need to do. I want to make sure we're compliant.

Debra (01:35:14):

We're looking at our OPMA expert to make sure that we're doing what we're supposed to.

Scott Biethan (01:35:20):

That's what I really... Got it. I just want to make sure I'm weighing in here because...

Sandra Schaefer (01:35:22):

I think it would probably be better for the next meeting when it can be properly agendized as a discussion item.

Scott Biethan (01:35:29):

Perfect. If we could... We put that... Do we even want to put it on to the next meeting agendas that question I'll ask the commissioner? I'm not really worked up one way or the other, but this is going to be an issue that's going to be controversial.

Stan Sidor (01:35:44):

Mr. Potter, when is the projected fee increase expected to be activated?

Debra (01:35:54):

October 15th. Yeah. October [inaudible 01:35:56]. October 15th.

Stan Sidor (01:35:57):

And our next meeting is in October?

Debra (01:35:57):

Yeah.

Stan Sidor (01:35:58):

I'm thinking that's kind of part of the answer right there. We don't even meet unless we have a special meeting, we don't even meet in between.

Debra (01:36:14):

And is this just for this current raise or are you looking at a committee that's going to do this from now on forever?

Scott Biethan (01:36:22):

So I guess from what I heard from the report, I heard that we are the fee increase we can't do anything about currently. But the question is what are the options going forward and in particular

around understanding how we levy, how we are self-sufficient compared to other states that might have lower fees. Is there any... We represent the stakeholders, that's the department, that's the users, that's the folks that rely on appraisals. I mean to me those are all stakeholders. We are in an advisory capacity only, not in a lobbying capacity, but the question I guess I'm asking the commission and also making sure that we do this compliant with proper due process. Is there anything that we want to receive information on that we hear from either ACOW or from the department that we are at least up to speed, not on the change in the fees and oh that's terrible fees are going up, but more a matter of what can we do as we move forward currently having one of the larger fees for appraisers that we're aware of?

(01:37:38):

And do we want... We can wait for just the data to come back to us. That's fine. And I'm asking the commission, I'm not saying we should do this or we can potentially have some working group that kind of monitors this in the interim and I guess I'm kind of getting maybe not a whole lot of like, "Oh that's something we want to do, but I'm just kind of throwing that out there and I'm happy just to move on to the next agenda item".

Debra (01:38:03):

May I interject?

Scott Biethan (01:38:04):

Yes, please.

Debra (01:38:06):

I think that you're moving outside of the scope of the commission when you start to build a subcommittee to talk about fee increases because that is not within your authority as an advisory commission.

Scott Biethan (01:38:17):

Commission this one... There's not a lot we can do about this. I like the reports that they do. I think that's a fine... Just exactly what we need. I mean we don't have a lot of control over this. Whatever they said, it's by statute they have to meet their budget and they don't get any money from the general fund. It's got to be self-sufficient and there's not a whole lot we can do about that.

(01:38:36):

Asked and answered. Again, I'm not... I take guidance from you all and I appreciate it.

Debra (01:38:42):

Yep, we will definitely do everything to bring this back at each of the following commissions though. Thank you.

Scott Biethan (01:38:47):

Done. Yup.

Debra (01:38:48):

So they're getting-

Scott Biethan (01:38:48):

Thank you.

Stan Sidor (01:38:48):

Chair Sidor.

Scott Biethan (01:38:48):

Chair Sidor.

Stan Sidor (01:38:48):

Chair Biethan.

Scott Biethan (01:38:48):

I'm in.

Stan Sidor (01:39:01):

One thing that the folks that reported Bell and Jim when they reported, they said this may go down and I heard that you heard it. I don't know if it a prayer of it ever going down. Not too many fees I know of ever go down, but I think some type of, I understand what Debra's saying about being outside of our scope, but I'd like to have some feedback as it's monitored by the DOL for us to make sure that somebody isn't saying, "Oh, now we're going to... It is going up and going [inaudible 01:39:50]. We're doing a lot better, a lot better." If we have some input to encourage them to think about it going down. So I'd like to set up a process by which we have some ability to hear back from these folks here and let us know how it's going on the money side of it.

Scott Biethan (01:40:12):

And it sounds like that'll be done through the irregular agenda item to keeping up on all business.

Sandy Baur (01:40:16):

Right. We heard, and correct me if I'm wrong, but on my notes we heard that you wanted this to be an ongoing agenda item in old business to keep informed about what was going on with that.

Stan Sidor (01:40:29):

Okay, sounds good.

Sandy Baur (01:40:29):

Yes. [inaudible 01:40:33].

Scott Biethan (01:40:33):

[inaudible 01:40:33] Sidor. Historically, at one time in the past this financials were a regular prior commission meetings.

(01:40:42):

The data was presented of what were the revenue coming in and what were the expenses going out. So just FYI. But I think they agreed that they would start breaking that back to us.

(01:40:54):

And I think it should be.

(01:40:55):

I'd like to see that.

Speaker 5 (01:40:56):

Yeah.

Sandy Baur (01:40:56):

Okay?

Scott Biethan (01:40:58):

Good. Okay.

Sandy Baur (01:40:58):

Excellent.

Scott Biethan (01:40:59):

Thanks for the feedback. I appreciate it. And all right, so we're done with the master action items list. Yes. And then we're going to move into items from the public comments. Do we have any written public comments?

Sandy Baur (01:41:12):

We do not.

Scott Biethan (01:41:12):

Okay.

Sandy Baur (01:41:15):

And I have the people pulled up so that if you want me to call on names that I can see that have hands up-

Scott Biethan (01:41:24):

Because you can see them and I can't.

Sandy Baur (01:41:28):

Whenever you're ready.

Scott Biethan (01:41:29):

I think we're ready.

Sandy Baur (01:41:31):

Did you want to open the floor? Shall we?

Scott Biethan (01:41:33):

Oh. The floor is open.

Sandy Baur (01:41:38):

First, we have a Dallas Kiedrowski. Come off mute and let us know what you're thinking.

Dallas Kiedrowski (01:41:49):

Hey guys, it's Dallas Kiedrowski. Thank you so much for letting me speak today. Usually I take up my whole three minutes, but I'm just going to make it really quick today. First, real quick on the math appraisal education requirements for the subcommittee, one thing that I would advise is that Montana allows mass appraisal supervisors, so the actual chief appraiser, whoever works in the county to be the supervisor or other appraisers that are looking to get their license and that's how they're able to accumulate their education or their experience requirements. So I would encourage the state to also look at Montana as an example for another pathway for mass appraisers possibly. The second comment I have is the appraisal subcommittee has a grant program specifically for state appraiser certifying and licensing agencies. The grant covers a variety of needs and numerous states have been awarded amounts in excess of \$300,000 in recent years.

(01:42:56):

My question is, has the DOL investigated this grant program and or applied for funds in an effort to at very least substantially mitigate the need for such a drastic increase in fees? Thank you so much for allowing me to speak today.

Sandy Baur (01:43:13):

Thank you so much. Next up we have Dave Town. Go ahead and come off mute.

Dave Town (01:43:22):

Good morning commissioners and everyone else I turned my camera on. Do you see me now?

Scott Biethan (01:43:26):

Yep.

Sandy Baur (01:43:27):

Yes.

Dave Town (01:43:31):

Okay. To be quite honest with you folks, this meeting was a little bit frustrating starting off with item 5.1. First of all, the audio at that part of the meeting was terrible and many of us here in the audience online couldn't really hear well what was being discussed. So I would like to ask that if

we can do it now or right after the public comment period, if we can come back to this, if the state can please put up on the screen the actual written proposal for the fee increase. I should say it this way, the licensing fee increase. It's not just a fee discussion, it's a licensing fee increase that you proposed under 5.1. So I heard anywhere between 908 and other people I've talked with via email during this meeting are saying over a thousand dollars. So I don't know what the actual proposed fee is and I'd like to see that presented here.

(01:44:38):

Before we end today, I'd also like to know the exact RCW and or WAC that you folks have to adhere to on the fee basis for licensing. I'd like to look at those for fun and profit. I read RCWs and WACs just for the fun of it and I appreciate what Commissioner Stan Sidor said a minute ago. I've been attending these react meetings for many years and yes, in a prior administration we did see more of the financial data about the operation of the particular subsection of DOL, meaning the appraiser section. So we knew and we could see what was going on financially and after things changed here, after COVID, we're not getting that information.

(01:45:36):

So I'm beginning to wonder if there's some creative bookkeeping being done on the part of the state in proposing an almost a hundred percent increase in our appraisal licensing fees. So that's basically it. I'd like to see the exact numbers that you're proposing. And also, I didn't say this but I think somebody else mentioned it, what is the effective date of those fee increases? So that's my presentation and I appreciate the time you've allowed me today. Thank you very much.

Sandy Baur (01:46:11):

Thank you.

Scott Biethan (01:46:11):

Thank you.

Sandy Baur (01:46:14):

Next up we have is Justin Slatt.

Justin Slatt (01:46:18):

Hey, good... Now, it's good afternoon. Thanks for the opportunity to speak a couple I guess points of clarification that you can look up. So I don't know if it was Commissioner Sidor and or staff that mentioned the \$80 per year for the ASC. So I'm also a licensee in Idaho and to one of the other commissioners to Commissioner, Potter's comment about fees never decreasing. Idaho three years ago decreased their appraisal fee. So we now pay \$75 annually and they renew annually. So it's not every two years, but if there's an \$80 annual fee for the ASC, I guess Idaho, somebody else is subsidizing appraisers in Idaho, which is great, but I don't know that if it's really \$80 per year or if it's \$80 per cycle, but it's a difference. So somebody should probably look into that because maybe that's why it more than it didn't do a hundred percent because of the difference there.

(01:47:21):

But again, I find it odd that I work at a bank. I don't need to be licensed in Washington, but it's my home state. So I can take the five people that we have that are licensed here and go to Idaho and get reciprocity and pay \$75 a year and then not be licensed in Washington anymore. That would be our home state. And then all of a sudden every other appraiser in the state is going to have to pay more because we all left. So I won't quite echo what Commissioner or what Dave Town just mentioned, but the logic here just does not seem rational for small businesses. I mean, appraisers are small business, most appraisers are small business owners. So to not be prudent as a department and do these incremental changes and then come up at a hundred percent at one time just doesn't bode well for the small businesses. So thank you for your time and appreciate all your efforts in here.

Scott Biethan (01:48:29):

Thank you.

Sandy Baur (01:48:32):

Next up we have Todd Reddington.

Todd Reddington (01:48:37):

Thank you very much. I didn't catch the last half hour because I had to take another phone call. However, most of you know that I'm the legislative chair for ACOW. I want to make very clear that my statements right now are my personal statements and do not represent ACOW. I have a personal experience with this particular situation as I am or have been do a license with reciprocity with California, which is where I started my career. When California increased their fees to the level that they did, I had to make a very hard choice. And while I haven't done a lot of work in California because of COVID and other reasons, I had to let that license go. I can see a lot of appraisers in Oregon and Idaho that will allow their licenses to lapse and just not renew because it's just not worth it.

(01:49:23):

And so I think that the drastic increase that they're suggesting and recommending could actually hurt more than it helps on a lot of levels. And this is not for me to say that we want... Let me back up. The fees that we're paying for pay for the salaries of the investigators and the appraisers that are working to make sure that the appraisers in the state of Washington are doing their job. I don't want to cut their salaries because that's obviously the alternative is we have to cut costs. So I don't want that to happen. But at the same point in time, why are we being held responsible for a clerical error apparently from the DOL or whoever it was that caused it.

(01:50:13):

And I think Dallas's recommendation of looking to the ASC for that grant program is very valid and important. But again, I think that they're being so aggressive, especially with... Excuse me, especially with when appraisers start realizing the pain of HB 1110 and what it's going to do in the amount of work that they have to do, plus the change in the forms and finding out how to work all these new cloud-based forms. The vast majority of the appraisers in our industry, "Sorry guys, we're old. We don't want change. We don't like change." And it's just one more impetus for us to leave the industry. I personally, yes, chicken little, Mr. Doomsday predict that if this

stays, you're going to see a significant exodus out of this business and it's going to not be good. So again, just voicing my opinion as a person not representing a cow, but I hope that they've taken that into consideration. Thank you for your time.

Scott Biethan (01:51:23):

Thank you.

Sandy Baur (01:51:25):

Next up we have Brandy Fish.

Brandy Fish (01:51:30):

Hi, good afternoon. I just wanted to add a little bit to this because I am certified general, I work in mass appraisal and I don't need my license to work in mass appraisal. So it's very tempting to then make it inactive for eight years. And I know that there's going to be other people thinking that too. So I do feel like this is short-sighted. I think you're going to lose a lot more people than you think because there's a lot of people that have just been struggling just trying to get, if they're not even in mass appraisal, but just appraisers out there just struggling to make ends meet with the lack of appraisal work out there. I do worry what this is going to happen. I think Dallas's idea was at least a positive way to fill this gap. But I think you're going to be stunned at how many additional appraisal licenses go to inactive or people just stopping appraisal or I'm going to think about going to Idaho and then enjoying reciprocity with Washington State. So it's disappointing. That's a lot. It's always a lot of money, but this is significant.

Scott Biethan (01:52:39):

Thank you.

Sandy Baur (01:52:41):

Next up, we have Bob Masuto.

Bob Masuto (01:52:48):

Good afternoon commissioners. Long time since I've been on here. So bear with me just for a second. And I apologize that my name thingy there says president of ACOW because it should not say that and I don't know how to fix it. So anyway, going to the fee thing, there's companies out there, appraisal companies out there right now, small ones, they're bleeding money. I can tell you from my experience last year my company lost \$10,000 from lack of business. Now you're going to double my fee to renew my license. And I got to tell you in 2006, I may not renew. The other thing I wanted to talk real quickly about was the, I believe I heard the inactive license was going to now acquire a yearly fee. And I would warn that you probably read WACs 308-125-250 regarding inactive licenses because the WACs says that the only fee that's to be paid is when you're going from inactive to restating your reinstating your license or certification.

(01:54:08):

So that's something that the DOL and the commission may want to look at as well. And with that I have a 134 left. I appreciate you letting me speak and I wish you all well. Thank you.

Scott Biethan (01:54:25):

Thank you.

Sandy Baur (01:54:25):

Any others?

Scott Biethan (01:54:25):

All right.

Sandy Baur (01:54:25):

Any [inaudible 01:54:33]?

Scott Biethan (01:54:37):

Anyone on the audience here? Nope. All right. So then I guess the question, any of those questions we want to put onto the action list? Is that correct?

Sandy Baur (01:54:54):

You'd like us to take action on.

Scott Biethan (01:54:56):

I did hear a question and I suspect there is an answer, but we're not going to answer any questions in a moment. The question is, have we considered ASC funding? We probably want to provide that answer, I think.

Sandy Baur (01:55:11):

We can look into that.

Scott Biethan (01:55:12):

The question was if we would put the fee increases up on the screen. I don't think we've got that a building-

Sandy Baur (01:55:17):

We don't have that.

Scott Biethan (01:55:18):

But that's going to go on the listserv in 45 minutes.

Sandy Baur (01:55:22):

Correct.

Scott Biethan (01:55:22):

Okay.

Speaker 4 (01:55:22):

Mr. [inaudible 01:55:24], that email is out.

Scott Biethan (01:55:25):

Okay. So if you're interested in that specific data manager look on the listserv. Okay. That's all I pulled out of that.

Sandy Baur (01:55:38):

Okay.

Scott Biethan (01:55:40):

Oh, I'm sorry. No, the reference to the specific WAC that says we need to be self-sufficient. Is there anything else that the commission heard that we would like to put onto the master action list or? Okay.

Sandy Baur (01:55:59):

And we can add that to our report out at the next meeting.

Scott Biethan (01:56:06):

Okay, great. All right. I don't think we have any other business in front of the commission.

Sandy Baur (01:56:08):

Okay. Would you like us to review the action items that we captured for this meeting?

Scott Biethan (01:56:13):

Yes.

Sandy Baur (01:56:15):

I'll turn it over to Sandra.

Sandra Schaefer (01:56:16):

Thank you. So I have for the action items, provide additional data on inactive licensing types, provide details on inactive fees. There's been a few follow up questions that we've noted. Step to find out whether inactive still need to accrue or still accrue ASC fees. ASC funding [inaudible 01:56:43] fees. We'll look into that. And then the WAC regarding self-sufficiency. I also got a couple of the agenda items discussed multiple times. Providing an update on expenditures, fees, fund balance, that that sort of thing. Had that via an ongoing agenda item as needed or as updates come in, provide a little bit more information on bias language as far as the definitions during the complaints by type report out. And that is all I have. Is there anything I missed?

Scott Biethan (01:57:21):

Okay. Say done. So I think the last item we have is move for adjournment.

(01:57:29):

So Mr. Potter? [inaudible 01:57:31].

(01:57:32):

Mr. Sidor?

Speaker 5 (01:57:35):

Wow.

Scott Biethan (01:57:35):

Long meeting.

Sandy Baur (01:57:36):

We don't need a motion.

Scott Biethan (01:57:38):

We're done.

Justin Slatt (01:57:44):

Since we went beyond two hours today. Will we get certificates for attending?

Debra (01:57:50):

That is a good question. Any of the attendees that sent to our board's inbox that attended, we will send out. [inaudible 01:57:59], please let us know.

Scott Biethan (01:58:00):

Great.

Sandra Schaefer (01:58:01):

And that email address is at the bottom of the presentation screen DOLboard@DOL.wa.gov.

Sandy Baur (01:58:09):

Email us there and we can get you a certificate of completion.

Speaker 2 (01:58:16):

I need to email you. You can send one automatically.

Sandy Baur (01:58:33):

Send it up.

Scott Biethan (01:58:33):

Thank you everyone.

Sandy Baur (01:58:34):

Thank you so much.

Stan Sidor (01:58:34):

Yes, nice meeting.

Sandy Baur (01:58:34):

Can you please stop recording and end meeting?

Saundra Schaefer (01:58:34):

Yes.

Stan Sidor (01:58:34):

Okay. [inaudible 01:58:34].

PART 4 OF 4 ENDS [01:58:34]