

Washington State Real Estate Appraiser Commission meeting transcript – January 18, 2024

Commissioner Elston (00:00:02):

All right. Over to you, Chair Biethan.

Scott Biethan (00:00:05):

Thank you. All right, good morning. This is Scott Biethan, the chair of the Real Estate Appraisers Commission. I would like to remind folks, if you're not speaking, if you could mute your lines that would be appreciative. We're getting some background noise.

(00:00:27):

I'm going to ask, there is somebody who... Thanks, thanks. I've done that many times. So thanks for muting, whoever just did. So I'll start over. Good morning, Scott Biethan, chair of the Real Estate Commission. It's now 10:01 on Thursday the 18th of January 2024. So we'll call the meeting to order. As a reminder, this meeting is open to the public. We'll take the time at the end of the meeting for a brief comment period. And this is going to be a little bit different than we've done in the past. We've asked people to be at three minutes. We're getting some interpretation on Open Meeting Act and rulemaking... not rulemaking, Open Meeting Act.

(00:01:09):

We will stop you at three minutes. This is not my favorite thing to do and I apologize in advance, but I'm going to ask when it comes to the meeting time, we really need to stick to three minutes so that we keep very clear lines for the Open Meetings Act. And then secondly, as a reminder, commissioners are not to be engaging in discussions during the public comment period. So already asked that we can keep ourselves muted. That's great. And when a commissioner would like to comment on a topic, please raise your hand if you can in the Team's feature and then we'll call on you and then unmute. And don't forget to share your name. Great, much appreciated and thanks for being here. It's a really cold day, so hopefully it warms up. Anyway, over to you, Sandra, for the roll call.

Sandra (00:02:05):

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

Scott Biethan (00:02:10):

Present.

Sandra (00:02:11):

Thank you. Vice Chair Elston?

Commissioner Elston (00:02:14):

Present.

Sandra (00:02:16):

Thank you. Commissioner Potter. Weren't you on here earlier, Commissioner Potter?

Scott Biethan (00:02:32):

Is he listed? Oh, there. There we go.

Sandra (00:02:34):

I see him listed.

Commissioner Elston (00:02:35):

He's present.

Sandra (00:02:36):

Yeah. Thank you. Commissioner Sporn. Commissioner Sporn was having some difficulties getting connected. So I will go to the next one. Commissioner Sidor. Excuse me.

Commissioner Sidor (00:02:53):

Present.

Sandra (00:02:54):

Thank you. And Commissioner Stephens.

Commissioner Stephens (00:02:57):

Present.

Sandra (00:02:58):

Thank you. And I'll keep an eye out for Commissioner Sporn. Back to you, Chair Biethan.

Scott Biethan (00:03:04):

Yeah. Yeah, I just sent Commissioner Sporn a text, maybe, asking if he might be muted because I know he said he was in, so hopefully we'll get him on shortly. And anyway, so I would look for a motion to, first of all, the agenda has been sent out in advance of the meeting. I would look for a motion to-

Commissioner Sidor (00:03:27):

We'll do the agenda.

Scott Biethan (00:03:31):

Thanks. Sorry, a second. Looks like-

Commissioner Stephens (00:03:42):

Claire has her... Vice Chair Elston has her hand raised.

Commissioner Elston (00:03:48):

Yeah. Just a quick comment about the agenda before we approve it. I noticed looking through the paperwork that in several locations it refers to the Washington State Home Inspector Advisory Licensing Board rather than the Real Estate Appraisal Commission. And I just want to recommend that that get corrected.

Commissioner Sidor (00:04:09):

Don't we need... first we need a second, don't we?

Scott Biethan (00:04:18):

Yeah, so maybe-

Commissioner Sidor (00:04:20):

A motion to approve the agenda-

Sandra (00:04:22):

Yes.

Commissioner Sidor (00:04:22):

... we need a second.

Scott Biethan (00:04:23):

And then second, and it won't just-

Commissioner Stephens (00:04:24):

Yes, a motion, a second discussion, vote.

Scott Biethan (00:04:27):

Yeah. Commissioner Elston, would you mind seconding the motion or somebody else?

Commissioner Elston (00:04:34):

I second the motion.

Scott Biethan (00:04:36):

Perfect. All right. And then it is just pointed out we've got some changes to the agenda.

Commissioner Stephens (00:04:46):

We will ensure those corrections are made.

Sandra (00:04:48):

Yeah, noted.

Scott Biethan (00:04:51):

Okay. Thanks for catching that. All right, any other comments? Seeing none. All in favor, say aye.

Commissioner Sidor (00:04:58):

Aye.

Scott Biethan (00:04:59):

Aye. Any opposed? Motion carries. The other thing is, I've just gotten a message from Commissioner Sporn and he's going to be joining us. He's got camera issues and he will join us and not be on camera and he will announce when he gets on. All right, the minutes were distributed, and we would look for a motion to approve the minutes.

Commissioner Sidor (00:05:33):

So move.

Scott Biethan (00:05:36):

Okay, second.

Commissioner Stephens (00:05:42):

Second.

Scott Biethan (00:05:44):

Thank you. Any changes in the minutes? Seeing none. Motion to approve, say aye. Any opposed? Motion carries. Awards and recognition. We have none. So we're going to go right into old business and so we're going to go into PAREA and the AQB. So I turn it back over to Sandy.

Sandra (00:06:12):

All right. Thank you, Chair Biethan. The department has completed the rulemaking process and we also hosted a public hearing on December 29th. In that public hearing, we received several comments supporting these changes. We would like to thank everyone who showed up for that public hearing and

made comments. We really appreciate that. We were able to file the CR-103P on January 9th, and that will make the rule effective of February 9th, 2024. Thank you so much to everyone on the commission who helped us with this work, who did the preliminary research. We really appreciate all of the work that you did and all the support you provided us along the way. Thank you.

Scott Biethan (00:07:01):

Great. Any questions from the commission on that?

Commissioner Sidor (00:07:10):

Nope.

Scott Biethan (00:07:12):

Okay. Seeing none, I do want to say thank you to the staff. I know this has been a lot of work, and it seems like it's sort of a culmination of a very long period of time and a lot of feedback from the public. So I just want to say thank you because getting something that is a large change through is not easy. It seems like really easy for us, would say, "Go get it done." And then you guys come back and say, "Okay, it's done." But you guys really had a lot of work being done for that. Okey doke.

Commissioner Sporn (00:07:46):

Here. I'm here. Sorry about that. Sorry, Scott.

Scott Biethan (00:07:51):

Oh, totally get it.

Commissioner Sporn (00:07:52):

Can you hear me?

Scott Biethan (00:07:54):

Yep.

Commissioner Stephens (00:07:54):

We can hear you, Commissioner Sporn, thank you for joining us.

Scott Biethan (00:07:57):

Yep.

Dean Potter (00:07:58):

Scott, this is Dean Potter. Do you hear me?

Scott Biethan (00:08:01):

We do. Thank you.

Dean Potter (00:08:02):

Okay. Good. Okay.

Scott Biethan (00:08:04):

All right. Moving to new business. We have elections of officers, and I guess Sandra, you'll take that over from here.

Sandra (00:08:15):

Yeah. Thank you Chair Biethan. And I just wanted to give a brief overview and then I'll turn it back to you, but just a heads-up. So the roles and responsibilities for chair and vice chair are pretty similar. The chair facilitates each meeting, presiding over commission business like you're doing, Chair Biethan. And the vice chair just serves as a backup if the chair is not available for meetings. Both chair and vice chair advise staff on agenda development prior to the meeting. Sandy Bauer and I offer monthly check-in meeting as a space to answer any questions, provide any support and guidance. This isn't a requirement, but it is something that all of our advisory boards commissions have found useful and do utilize from us. And then Sandy and I also-

Scott Biethan (00:09:08):

Yeah, we need to hold up for... Go ahead. There was feedback happening. Sorry.

Sandra (00:09:14):

I'm so sorry about that.

Scott Biethan (00:09:16):

No, no worries.

Sandra (00:09:17):

I think that's you, Commissioner Potter?

Dean Potter (00:09:20):

Yeah, this is Commissioner Potter. Are you done talking Sandra?

Sandra (00:09:26):

Not quite.

Dean Potter (00:09:27):

Well. Okay. Let me know when you are, please.

Sandra (00:09:30):

Okay. Sandy and I also provide chair training at the beginning of the term, which is about a two-hour training, just so that whoever is in the position feels comfortable leading their first meetings. There is a time commitment, it's a one-year term. It becomes effective the following meetings. So in this case it would be April 4th or April 18th, so we wouldn't start you off right in the middle of this meeting. And then it would go through the beginning of 2025.

(00:10:03):

And then like I said, there's that approximately two hour chair training, one time, and then there's the 30-minute agenda setting each quarter, which usually takes place about four weeks prior to each meeting and then a 30-minute chair checking meeting per month at your request. Also note that members can self nominate, so if you're interested and no one nominates you, feel free to raise your hand and do that. There is no specific term limits in statute to this position other than the boundaries of your appointment as a member of committee, no, the commission. And as a note, we have been advised by the attorney general office that we cannot do it as a slate during a meeting, so we have to do a motion on an action, excuse me, motion, a second, and a vote for each individual. So first for chair and then for vice chair as two separate actions. And I'm done.

Dean Potter (00:11:00):

Okay. This is Chairman Potter, or excuse me, Commissioner Potter. In the past, on our commission, we have had terms of one year and if the chair does really well, they're nominated for another term. I think Scott Biethan has been an outstanding chairman of our commission, and I would like to place his name in nomination for chair for the year 2024. So moved.

Scott Biethan (00:11:36):

I don't know if you were running this or I am, but if I am, I'm going to ask because I did hear Commissioner Potter say, I think, you said Chair Potter. So I don't know if he said-

Dean Potter (00:11:48):

I corrected that. I misspoke.

Scott Biethan (00:11:52):

I know, just my sense of humor, but I'm going to ask a question if there's anyone else who would like to step up. This is not mine to have. This is, we are an open process here. All right. Do I then call for the vote? Sandra? Okay.

Sandra (00:12:09):

Yeah. So you can call for the vote. It's back to you.

Scott Biethan (00:12:14):

Yeah. Okay. I guess all in favor say, aye.

Dean Potter (00:12:20):

Aye.

Commissioner Sidor (00:12:20):

Aye.

Commissioner Sporn (00:12:20):

Aye.

Sandra (00:12:23):

So we did, so sorry. We did have a motion. We do need a second.

Commissioner Sidor (00:12:29):

Oh, I seconded it.

Scott Biethan (00:12:32):

Thanks Commissioner Sidor. All right. So then we've got the motion. All in favor say, aye.

Commissioner Sporn (00:12:39):

Aye.

Commissioner Sidor (00:12:39):

Aye.

Scott Biethan (00:12:42):

Any nays? Okay. Motion carries. I'd like to nominate Commissioner Elston as the vice chair and really have appreciated her work this past year. It's been a busy year. So I'm very grateful for that.

Commissioner Sidor (00:13:01):

I second.

Scott Biethan (00:13:02):

Okay. And I'm going to ask a question. Would anyone else like to self-nominate for that role as well? Because again, we're an open process. Okay. Seeing none, we will call for the vote. All in favor say, aye.

Commissioner Sidor (00:13:18):

Aye.

Commissioner Sporn (00:13:18):

Aye.

Scott Biethan (00:13:19):

Any opposed? Okay. All right, so we're going to go to reports and we're going to start with the Mass Appraisal Education Requirements Subcommittee. And if you recall, this is a matter that we've had for quite a while, and we really held off for a little bit waiting for folks that were in the mass appraisal area and we've been very fortunate to have both Commissioner Sporn and Commissioner Stephens who have both stepped up and doing great work all over the place. But I guess I'll turn it over to Commissioner Stephens and then we'll go from there.

Commissioner Stephens (00:14:02):

Thank you. Welcome to our first meeting for 2024. The subcommittee we're looking into education requirements for mass appraisal versus a real estate license and seeing where they overlap. Our first meeting took place in December of 2023, and in the meeting, we determined what our scope was and the division of duties between the mass appraisers and the residential appraisers and where they overlap.

(00:14:41):

We're looking into seeing if we can't combine those somehow. Tim Allen is the education manager for DOL. He's going to be attending some of our meetings and helping us figure this out. The subcommittee's going to meet every two months. Our next meeting is tomorrow, and that will be our second meeting. Pretty much that's what we're doing forward. We're bringing in additional stakeholders to attend our meetings and pull in as much outside information as we can to work through this process for 2024. That's it.

Scott Biethan (00:15:37):

It took me a second to unmute. It looks like we've got a question from Commissioner Elston.

Commissioner Elston (00:15:44):

Yes. Just a quick clarification. You mentioned that you were looking for overlaps between mass and residential real estate appraisers, but the mass appraisers also do commercial properties, do they not? So would you also be looking at the overlap with general appraisers?

Commissioner Stephens (00:16:01):

Yeah, basically it's the general education qualifications for both of them. Thank you.

Commissioner Sporn (00:16:08):

Yeah, I did get a hold of the IAAO in Kansas City, and they do have two commercial classes approved with AQB and that's ASC 101 and 102 classes for income approach.

Commissioner Stephens (00:16:25):

Yeah, it's not 101.

Commissioner Sporn (00:16:25):

Oh, it's, I forget their designation, I think they sent it to you, Denise.

Scott Biethan (00:16:35):

Are they approved for qualifying or from continuing it? That was the rub before I believe.

Commissioner Sporn (00:16:41):

Qualifying.

Scott Biethan (00:16:42):

Okay.

Commissioner Sporn (00:16:42):

Qualifying.

Commissioner Stephens (00:16:50):

Any other questions? Right, thank you.

Scott Biethan (00:16:55):

Hey, thanks very much for the work. Yep, yep. Good, good, good. All right. So this next one is I think going to take a little bit of time and this is the Senate bill 1110 and I want to first thank Commissioners Sidor and Sporn, but also Todd Reddington. So we had a working group that had two commissioners and then one person who was a subject matter expert. And I'll tell you, it was invaluable to have all three of these folks. Commissioner Sporn is in Spokane. They just went through a bit of a process around some Spokane legislation that was proposed for the first of the year and then rolled back. Then Commissioner Sidor has been great at helping with all things in the process, and I just want to really thank Todd. Todd has got a lot of passion and he's got a lot of knowledge and has been really helpful.

(00:18:04):

And so I'm going to remind the group. So there was a document that was distributed with the packet and it really is the working committee's recommendations of something to forward to at a minimum of DOL, perhaps DOL and Commerce, Department of Commerce. I'll remind the commission and myself, we are not a lobbying organization, so we cannot lobby for an outcome for the legislation. That's AKAL,

that's the Appraisal Institute. And I know that they are all very active in looking at the issue in Washington state.

(00:18:44):

And I've got zero problems saying I think that the current legislation as proposed, there are some problems that were unintended consequences. This is not a lobbying statement, this is my personal opinion. And so what the committee did is, they did a fair bit of research and we talked to a lot of industry stakeholders. I want to say I did participate in the meetings, and I was grateful to be allowed to do that. I learned a lot from our stakeholders and when I should say I learned a lot from our group, but I also learned a lot from the stakeholders.

(00:19:19):

And we had a chance to speak with representatives from the likes of Freddie Mac. We spoke with insurance providers. We had a lot of conversations with the staff at DOL so we can understand what our purview is. And again, going back to what the DOL can do, the DOL cannot lobby. That's not their purview, that's not in their swim lane. They're not able to do that. The only thing they can do is make rules and then enforcement of the rules that are made. So currently the rule that's before the state and the DOL is House Bill 1110, which has been passed. And so then the question is, and I know it's taken the commission a little while to get our arms around it and to come to a view to at least to be able to say that publicly because as many of you know, I try to be measured in my responses and not just fly off or something that I don't know a lot about. And when HB 1110 first came out, I did not know much about it, but I've learned a lot.

(00:20:29):

And so I think what I'd like to do is ask if Commissioner Sporn or if Commissioner Sidor, and I'm going to ask a protocol question here, Sandy, if you don't mind. If Mr. Reddington has been part of the subcommittee, if he has any comments to offer at this time, is that acceptable? I don't know the answer to that question. Don't ask the question you don't know the answer to. But I guess, I don't know because I want to make sure I don't do anything with open meetings, but he was part of that subcommittee. Is there any... I hate to put you on the spot, I should have asked you before the meeting, but is that something that is either.

Sandra (00:21:08):

No. Yes, that's fine. We had designated that Commissioner Sporn would do the briefing and then any other subcommittee member can then add their comments after Commissioner Sporn does his report.

Scott Biethan (00:21:24):

Great. Okay. That sounds good. And I probably have talked a lot about it already, but I did want to set the stage and where we're trying to go with this. I think it's important that the commission does have something we can put out that talks about in a non-lobbying way, at least what our observations are about the potential unintended consequences. But that's my personal opinion. I am going to turn it over to Commissioner Sporn and then anyone else on the subcommittee if we think we've missed anything.

(00:21:57):

We are going to have some discussion as a commission and then we are going to open a public comment period on just this issue. And it will be three minutes per person. Again, we're going to be abiding by the rules here and if anyone wants to weigh in on what you've heard from the subcommittee report and what you have, if you've got any further observations, we'll take that into account that does not preclude you from then commenting later in the public commentary near the end of the meeting.

(00:22:27):

So you can speak on just House Bill 1110, but you will not be able to speak about it at the open public commentary period because this will be the time to talk about that. So we're trying to keep again, the open meeting swim lane straight. I know I'm going deep on this one, but we're just trying to make sure we've got proper process and in particular around something that's got a lot of interest from around the industry. So, Commissioner Sporn, if you don't mind weighing in as well and turn it over to you and we'll gratefully stop talking.

Commissioner Sporn (00:23:00):

Sure, yeah, no problem. And I just want to say everybody stand had a lot of input. Scott had lot of input, a lot of input on this. Todd had a lot of input on this. This is very much the definition, I think, a way a subcommittee should work. Everybody had input on it, everybody double check information, proofread, put everything together. Scott, of course, is very excellent boiling this down to, as he likes to say, his elevator pitch. And a little background on this, I think you saw little background, some notes from our December 15th meeting. And in that, we basically had went through the process of what happened in Spokane is this was, Scott's corrected, this was scheduled to take effect two weeks ago. And so that became a panic in the middle of December and we were able to put together, bring this to the light of the planning commission in Spokane and the county city council members.

(00:24:03):

And there was a meeting that was held on, I believe, it was a Thursday the 18th or 19th, and everybody got together on this. And we had representatives from AKAL, the Mortgage Lenders Association, the government of fellows director from the Spokane Association Realtors. And one of the sponsors, I think, of the Bill 1110 was Jennifer Bateman or Jessica Bateman from Olympia. And there was a pretty lively discussion about this and it's surprising about how many people that were able to make these kinds of decisions really weren't in the know of. What Scott mentioned was is the unintended consequences of this action in Spokane. It was called the Boca Bill Building Opportunity and Choices for all. And it went forward on this and it was like a precedent of what we're doing with the House Bill 1110. And that got everything started and like Scott and I, I think you have all the notes of that and you have the final draft, the memo that Scott put together, which is pretty self-explanatory on the processes.

(00:25:09):

And I think he was very wise to say that we just wanted to come up with different options that either the DOL or even at one point I think Stan mentioned, we might want to get not only the Spokane or the Washington State Real Estate Appraiser Commission, but the Washington State Real Estate Commission because the realtors are equally involved in this in terms of how it would limit residential appraisers to

only do up to four unit properties. How that came into question the highest and best use analysis and whether the LNI insurance would cover those kinds of things. And again, it had the potential as it was mentioned in the document that you all have there that could... the worst case scenario could grind everything to a halt. Now I don't think it's quite all as gloom and doom as that. There was a bill that we mentioned in there that was sponsored by Senator Representative Leonard Christian from newly executive rep, and it was House Bill 1228 that would basically take this back to eliminate that fifth and sixth units.

(00:26:15):

And I just recently heard just this last week of another bill that's passed. I don't, it's so new, I don't know that. I think there's two bills that also suggested there might be an option of these additional units like in your backyard or whatever is to create separate parcels numbers for those. And that also would again take it back to business as usual for residential appraisers. So I think you have the document there if there's any questions or comments that you have on that, I think now it's time to bring them up and have this as an open discussion.

Scott Biethan (00:26:48):

Maybe I could ask this too. First of all, Commissioner Sporn, you're very generous with your compliments, but I got to be honest, Stan had a big hand in helping to make sure the document looked tight. He was like, what I call, our proofread extraordinaire. Todd had a tremendous amount of input into this, so this was a group. So you're nice to say, I might've thrown a few words down, but honestly everybody had a big hand on this, so I much appreciate it. I guess, I'm going to say Commissioner Sidor or Mr. Reddington, do you have anything you'd like to add to that? Just want to make sure that you guys did a lot of work and hopefully you got anything to add, feel free to.

Commissioner Sidor (00:27:34):

Well, again, appreciate it. I think everybody put a lot of energy and time and thought into the overview of creating the data and a document that supports a very good overview of what the issues are and what the options are and hopefully something good will come of this. I was curious on the comment that Commissioner Sporn just made about, there's a bill pending about creating separate parcel numbers. So are they looking at doing some kind of a condominiumization of properties and units on a property and is there going to be a master parcel number for one lot and then separate numbers for units or something?

Commissioner Sporn (00:28:24):

Well, as always stand on any of these things. Again, they're good intentions, don't ever seem to be all the way thought through to the unintended consequences of this. This is the early stages. And again, the people that are writing these bills, I don't think they go to all the potential stakeholders like us, Real Estate Commission, the mortgage lenders, how this will affect everybody. And again, you're going to have to talk to have the planning commission has a result in this. They're the ones that actually in our county designate those parcel numbers and how they're going to do this. You're exactly right. Typically, on a condo situation, you're going to have a parent parcel which all the individual units sit on with other

their separate parcel numbers that are transferable and basically a fee simple manner with an undivided interest in the other parts. So that-

Commissioner Sidor (00:29:18):

That, I mean, really have some implications on the lending side.

Commissioner Sporn (00:29:23):

Yeah, I have no idea again, how they get this to plan out again. They pass these things and they seem to be a little bit shortsighted on this and what is the long result of this and what all has to happen to make this actually a workable thing for our industry and the subsequent other stakeholders that we're tied into with too. So I don't know. It is brand new. I just heard about it this week. I think it just got floated this week.

Commissioner Sidor (00:29:53):

Thank you.

Dean Potter (00:29:55):

I'll interject and state that we've been hearing about it for about a month or so now that something along these lines was coming in and it's some sort of a unit lot definition of some sort. I think by the expressions on Mr. Hagar's face, he may have some additional information for when we go to the public comments. Okay. He doesn't. But we've been looking and searching for the bill numbers for this. There is a lot split bill that is up for consideration. But your comments in regards to, and I'll get back to the HB 1110 in a half second, your comments towards the fact that these bills are being written without consultation with the appraisal industry and profession goes straight towards my public comments that I'll be making later. So I appreciate that. But first, let's get back to HB 1110, Chairman Biethan, do not diminish your part in this without your cracking the whip and keeping us on task.

(00:30:55):

We probably wouldn't have been able to make the timeframe. So by making sure that we did not stray from what we were intended, our intended purpose and result really helped us be able to focus and get down to task. I appreciate the opportunity to be a part of the process. It opens my eyes a little bit into, or a lot actually into the process and how I can communicate with AKAL and other members how the process works so that we can better work together with the commission in future endeavors to make sure things like this don't happen again. But those are my primary comments. Jay has covered everything spectacularly and I look forward to seeing future collaborations. So thank you very much.

Scott Biethan (00:31:48):

Good. So I'm thinking as a process, I mean, Sandy, I'm thinking we should probably put up the memo. I don't think we need... there was a memo that got put out in the packet with a lot of background data that meeting minutes from prior-

PART 1 OF 4 ENDS [00:32:04]

Scott Biethan (00:32:03):

It got put out in the packet with a lot of background data, that meeting minutes from prior, from the working group, but I think the only thing that will be at issue here, will be a memo that I think the committee is recommending that we forward to DOL. Right now, the memo is addressed to the commission. And so the purpose of the next few minutes will be ... I think, Sandy, I think we show that so that the commission for sure can see it, but also I think it's fair for the public to see our deliberations on this because that's just part of the open process. Am I okay with this?

(00:32:35):

Okay, there we go. And so what you'll see here is the background is simply to call out a very limited description of HB 1110. We're not trying to be legal experts on this, but I think that the concerns are, is we identified whether or not, there's a potential violation of licensure, if somebody has to consider a six unit property, whether or not E&O providers will cover them if something happens. So if there's any sort of a legal action, or a claim against an E&O policy, and an appraiser has done a five or a six unit analysis, will their E&O be covered? And then whether Freddie Mac, Fannie Mae, FHA, and BA will buy the loans that exceed four units.

(00:33:36):

And I've seen some public articles, and statements, and emails. And first of all, I think there's been more activity around this issue than I've seen anything else in my time in the commission. I've only been here, like three years or something like that, but this is one that has gotten a lot of attention from a lot of people. And I've seen, "Well, it will shut down lending in whole areas." I don't know, that was my view after talking to stakeholders, but there will be problem areas and problem loans. And so in particular, it's the Freddie, the Fannie, FHA, BA.

(00:34:18):

I think the problems, no matter what happens, if it stays at above four units, up to six units. The problem is that no matter what, the Fannie and Freddie, my view, is that there will be someone ... If I own a house, and an appraiser determines the highest and best use is six units and puts a value on that, even though I don't plan to redevelop, or add an accessory unit, or add a five-plex next to my house, even if it can fit and it works, the minute that appraisal goes to something that is not a four and under, that just puts it right out of Fannie and Freddie. And so I think that what we did is we considered, okay, we pointed out pros and cons, and the pros and the cons for each of the situations, and so what you'll see there is, there's do nothing.

(00:35:28):

So if nothing happens, then what you have is ... You can see the pros and the cons. I'm not going to read it all. The commission has seen this, but I want to make sure that gets left up for a second, or long enough for the public who did ... I don't know, [inaudible 00:35:45] not have this, so can at least see this and what we're considering. Potentially, the next one is maybe just delay the action to get more information, and there could be more clarity. I don't know if there is or isn't, but it just kicks the can down the road too, and there's still that uncertainty.

(00:36:07):

The third action, it's our understanding, and I have to say, this is not something that you'd asked me three months ago, "Was this my understanding?" I would say, "No, I don't think so." And I'm just being quite frank. It was my impression that the AQB was very clear, that we cannot have anything more than four units for a certified residential appraiser. And the AQB, from our understanding, from a number of sources is that it said, "No, the state can set their own guidelines." And so if the state decided they wanted to allow single family residential appraisers to do up to six units ... Todd, I think I said that correctly. The pros are you [inaudible 00:37:02].

Dean Potter (00:37:01):

No, actually you didn't. At least six units-

Scott Biethan (00:37:05):

At least six units.

Dean Potter (00:37:05):

Oh, I'm sorry-

Scott Biethan (00:37:05):

Thank you very much.

Dean Potter (00:37:06):

You know what? No, and I apologize. I had to step away for a minute to grab something. No, in this instance, you're correct. That was a question, and that had been brought up by the public was, why not just for because of HB 1110, allow residential appraisers to just change the law to allow them to appraise residential properties up to six units per lot. So you are actually correct in this instance. Just for everybody's sake, we had some confusion and as the public has, in regards to the wording of the bill, and most people continue to use the term, "up to six units" when talking about the bill, when the bill says "at least six units." So it's a minimum standard that you don't have to meet, you don't have to build the six units, but you can't be prevented from it. Sorry for additional clarification, but anyway.

Scott Biethan (00:38:06):

No, no, that's okay-

Dean Potter (00:38:06):

So you're fine.

Scott Biethan (00:38:07):

That's where I got my tutorial from Todd, I'm very grateful for that. But if we did have that legislation, if the legislation did change, there's a confidence, the issue is some appraisers may or may not feel confident to do that work. There still could be issues around E&O. It doesn't solve the Freddy and Fanny

issue. So you can see there's a number of cons. And then the last one is, have something that if the HB 1228, which moves it back to four units, it solves all the problems obviously. And the cons are the legislation's already weighed in on what they want to see done, and it may be difficult to get that to change. Again, this is not a lobbying comment, this is an observation, but I think what we're trying to say though is as a commission, I think it's appropriate and in our purview to say, we believe there's unintended consequences and we're going to point those out because I've been asked by a number of people, is the commission going to weigh in on this?

(00:39:28):

Is the commission going to provide any guidance? Is anything going to happen around this? And the answer is the commission, or even the DOL, can't provide guidance, or they can't weigh in on what do they think, but I think as a commission, I feel we're being remiss if we don't at least say, "All right, we're not going to lobby." But we're certainly going to say, "Okay, here's a bill. It deals right in our swim lane, which is valuation, and real estate, and protecting the public trust. And here are the consequences, we believe, of what that bill is." And what I'm going to do is, because I just really want to make sure that I'm [inaudible 00:40:10]. I'm going to ask back to staff, is there anything that you see or you've heard, that has any potential inference to lobbying? I don't believe that we are, but I want to be very clear.

Sandy (00:40:24):

No, you're quite clear on that, Scott. There has not been any reference to lobbying as far as the commission or DOL is concerned. You can absolutely ask the members of the public, if they want to support HB 1228, they are 100% in their personal right to do that.

Scott Biethan (00:40:48):

Okay, good.

Sandy (00:40:49):

But as far as the commission and DOL is concerned, you're very clear that we're not able to lobby. That is not within our authority.

Scott Biethan (00:41:00):

Okay, perfect. Thank you. All right, so what I'd like to do is talk about the process for the next couple of pieces on this. I'd like to now open it up to the whole commission and get their feedback. And the question is, right now, we have a memo that we have provided to the commission. One potential outcome would be to adopt that, and then further that to DOL and maybe potentially commerce. I don't know who, but Jay, did you raise your hand or you were just scratching yourself?

Jay (00:41:32):

I was just going to ask Sandy. Sandy, do you support the Washington State Real Estate Commission as well?

Sandy (00:41:38):

Yes, I do.

Jay (00:41:41):

Have they've made any kind of comments or brought this up at all as an area of concern with them?

Scott Biethan (00:41:47):

May I answer that question? Unless you would rather Sandy?

Sandy (00:41:51):

No, go ahead Scott.

Scott Biethan (00:41:53):

So I have had a conversation with one of the commission members. We potentially have a call scheduled tomorrow that's in the middle of a class, but we'll talk about that later, but they do have some questions. I think what they're trying to do is understand what the concerns are, and we communicated that. I don't think they have a view on it at the moment, but I believe, and I don't want to speak for them. I'm going from just, I think they're gathering information at this point in time, but we'll know more very, very shortly.

Jay (00:42:34):

Thanks.

Scott Biethan (00:42:36):

Yep, yep. Any other commissioners, thoughts, feedback? You heard a lot from me and I want to make sure I'm giving space now.

Commissioner Fodder (00:42:48):

Hey Scott, Commissioner Fodder, and I appreciate very much how clear this memo is. It's wonderful. You filled in a question I had about the AQB appraisal subject of getting into audits, if we passed a law allowing up to six units, how they would be with that. And it sounds like that's more of a recommendation for units, and they are not dictating to the states. And so my first question to you, that I'm correct on that, right? We're not putting our program in jeopardy of getting a demerit from the appraisal subcommittee when they come to audit, if in fact, we did change residential up to a maximum of six units, correct?

Scott Biethan (00:43:38):

That's a staff question, Sandy, I think.

Sandy (00:43:42):

Yes, that's correct. They give each state the latitude.

Commissioner Fodder (00:43:46):

Okay, thank you. And so the other thing is that, none of these options are without some problems. And the one of course is that, if Freddie Mac and Fannie Mae do not accept a six unit property as a residential loan, and I don't know how we'll get around that, but I think you've hit the tone that we need to do, and that is to just make sure everyone understands, these are our observations, these are the potential consequences as we have researched and discovered them right now. And people that move forward on this should do so with this knowledge. And I think it is important for our commission to forward this up the ladder to the director, and recommending it, and if it can be sent to the Department of Commerce, even better, and get the word out, so we're doing our job, and I think you've identified what our job is to identify the issues and the outcomes of different options. And I appreciate so much you and your work groups work on this, and that concludes my comments.

Scott Biethan (00:45:15):

Thank you. Any other Commissioner Stevenson, or Elston? Any input or welcome to, and we're going to open up for public comment after this, and then we'll make any kind of determination. Mr. Elst-

Commissioner Elston (00:45:35):

Just to comment, one thing I had heard discussed, that I don't see in the memo, I'll throw out there, is the idea of a bifurcated appraisal process on this, whereby a general appraiser would do the highest and best use analysis to determine if it is four units or less, and then the residential appraiser would then complete the appraisal at that point. So I'll just throw that out. That is one option I've heard discussed. Thank you.

Scott Biethan (00:46:02):

I think that would be something valid to add in there. And if we were to do that, I think the pros, or it solves the licensure problem. It still doesn't solve Fanny and Freddie because it would still be a conclusion if it were to be five or six units, and then there's added cost to that, added time constraints to that, and can you really get commercial appraisers to do that work? Well, that would be the cost and timeframe, but I mean that could very well be something that could be added, and that would have ... Yeah, so anyway. Mr. Reddington, since you're part of the committee, I think it's okay for you to weigh in.

Dean Potter (00:46:52):

I appreciate that. I'll make it very brief-

Scott Biethan (00:46:53):

Double checking. Sandy, the committee report is not done yet, correct?

Sandy (00:46:57):

That's correct. We don't have any final-

Scott Biethan (00:46:59):

Thank you.

Sandy (00:46:59):

Yep.

Scott Biethan (00:47:00):

Yep. Mr. Reddington, please.

Dean Potter (00:47:01):

Yeah, and I would go 60/40 on pro versus con on that response. It would go under number one because that would be under the do nothing because that's one option for appraisers to address this issue without us doing anything. And then in 60/40, yes, it is a resolution, so it's a probe, but the appraisers can still do the appraisals if they're certified or licensed residential, but the con being is increased times, certain times, increased fees, and things like that. So it kind of is on the knife's edge of one or the other. So I don't know how we would incorporate it as a third option, a neutral option maybe, or something along those lines, but I think that we could find a way of incorporating that in there. So that's just my thoughts.

Scott Biethan (00:47:52):

You're right. Absolutely, that would fall under option one, we do nothing, but then one potential would be that has its own pros and cons, blah, blah, blah. I think that would be something we could add, that's a good thought. Any other commissioners? Okay, so we're still holding the committee report open at the moment, and we're going to open it now for public comments, for anybody who would like to weigh in. Again, please keep it three minutes, and here's the timer we all love so well. All right, if you would like to make a comment, please raise your hand and we'll call on you. Hey, I see-

Sandy (00:48:37):

I see Dave Town.

Scott Biethan (00:48:38):

Yeah, Dave Town. Thank you. Mr. Town.

Dave Town (00:48:44):

Good morning gentlemen and ladies. First thing I wanted to ask is, you put a memo up on the screen here a few minutes ago, about whatever you guys were discussing in your committee meeting. I'd like that memo to be made available to those of us out in the field. I could not print it here locally from my computer. So somehow, if that could be put up someplace where we can get access to it, so we understand what you folks have been working on. The second thing I want to say is there seems to be, in my jaded viewpoint here, a mix and match between current and prospective appraisals when we're

dealing with currently residential properties. This bill, HB 110, and the other one that has to do with ADUs, basically throws the appraiser into doing a prospective appraisal. But when we are hired to do a current appraisal, we need to be cognizant of what is currently in place, and we need to increase our verification of the intentions of that property, and the owners of that property, either the borrower who currently owns it, or perhaps a prospective purchaser of that property.

(00:50:16):

One of the certified general appraisers I know in Las Vegas, who is an extremely experienced person, and also sits on a local advisory board down there like yours, has indicated in writing that the lenders cannot discriminate against the borrower if they want to get a current appraisal done, and therefore, the appraiser who's assigned to that assignment needs to be well aware of what is currently available in terms of its highest and best use. And typically, highest and best use as it sits currently is as it is currently, not as what it might be, two years, three years, six months, whatever from now. So we need to be very careful about this and not always assume that the highest and best use is going to be something far more superior than what currently exists on that property. Thank you for your time.

Scott Biethan (00:51:15):

Thank you Mr. Town. We'll take that under consideration when we come back to the commission comments, deliberation. Any other public comments?

Sandy (00:51:31):

I see Preston Knudson, Chair Beethen.

Scott Biethan (00:51:35):

Please, Mr. Knudson. I believe that you're currently muted, so if you'd like to unmute and weigh in, please do so. Mr. Knudson, we'd love to have you speak, but you're currently muted. Nope, not yet. Let's see. Yeah, I'm sorry. Mr. Knudson, you're very welcome to provide comments, but-

Dean Potter (00:52:16):

His mute button, it should be at the top right-hand corner of his window box. It should be there on the top, right next to the red leave button. Mr. Knudson.

Scott Biethan (00:52:31):

I think here's what I'd like to do. Are there any other public comments? And we will leave it open for a little bit. And Mr. Knudson or Richard Hagar, I want you to go ahead and go, and before you start, Richard. Preston, if you can hear me, you'll need to figure out how to unmute yourself. And I apologize, I deal in Teams a lot, and if I didn't, I would be kind of frustrated. You need to unmute, and then when we see your mute go off, we'll be happy to call on you. In the meantime, Mr. Hagar, please feel free to go ahead. Okay, Sandy, I'm going to ask a question here. Richard, stop-

Sandy (00:53:16):

We don't-

Scott Biethan (00:53:16):

There's something going on because he's unmuted.

Richard Hagar (00:53:21):

I got it now.

Sandy (00:53:22):

There we go.

Scott Biethan (00:53:23):

And Richard.

Richard Hagar (00:53:23):

I apologize.

Scott Biethan (00:53:25):

Richard, I saw that you were unmuted, but then I could see your mouth moving, but I couldn't see you talking, so I don't know what's going on. You might want to check your settings. I apologize, man, because we'd love to hear from you. We're going to let Mr. Knudson go, and then maybe double check your settings on your speaker and your mic.

Richard Hagar (00:53:44):

Can you hear me now?

Scott Biethan (00:53:45):

Yes, perfect.

Richard Hagar (00:53:47):

Okay, yeah, I apologize for that-

Scott Biethan (00:53:48):

Don't change a thing. No, no, no, come on. Are you kidding me? This happens to me all the time. Why don't we let Mr. Knudson go first because he had his hand up first, then we'll go to you, Mr. Hagar.

Richard Hagar (00:53:56):

So feel free to cut me off. I have a unrelated question that it's not related to House Bill 1110, but-

Sandy (00:54:02):

If that's the case-

Scott Biethan (00:54:03):

But if it's not.

Sandy (00:54:07):

Yeah, if that's the case, could you please hold that comment until we have our official public comments towards the end of the meeting, please?

Richard Hagar (00:54:13):

Most definitely, and I will unmute me, or I'll mute myself.

Sandy (00:54:17):

Thank you.

Scott Biethan (00:54:17):

Mr. Knudson, please-

Preston Knudson (00:54:20):

All right, can you hear me now?

Scott Biethan (00:54:21):

Yeah.

Preston Knudson (00:54:23):

Can you hear me now?

Scott Biethan (00:54:24):

Yep.

Preston Knudson (00:54:25):

All right, so start the three minutes on this one. A couple of things, there are people that are out there that are trying to change single family housing in general. They don't like it. They don't want it. They believe that privileged people get it. And so what you're seeing House Bill 1110, 1337, and several of the others, this has been an onslaught for the last four years, so it's nothing new here. One of the current bills that they're talking about, the lot splitting, and there's a couple of twists to it is, under 1337, we can put in two ADUs, accessory dwelling units on a single family lot. They then want after that is there, to allow that lot to be further subdivided down into lots as small as 1200 square feet. It is an attempt to get

around the subdivision process, where communities get to look at what's going on in their neighborhood. So that's part of that.

(00:55:24):

And House Bill 1110 falls into that same thing a little bit, of allowing a minimum of six units. So when we talk about setting that limit at raising it to six, where a residential person can go to six, that accomplishes nothing because the law says a minimum. So cities can allow 7, 8, 10, whatever, and we would still run into this very same problem. And so throughout that, us trying to come up with a lot of twists and turns on how to go through that is cute, but it still doesn't resolve the basic problem for all that. House Bill 1110 is a bad law, and it's poorly written. I know it's passed, we're stuck with it at the time, but it has all sorts of discriminatory text in it. It has conflicting text in it.

(00:56:14):

Under 1337 for instance, it says that an accessory dwelling unit cannot be counted as a unit. So when we come along and say you can put six units on it, 1337 says, you can't count our accessory dwelling units as units. So again, we have conflict with this. If we go to change our licensing, we already have multiple, 85 years worth of laws that talk about housing is four units or less, or five units or more being multifamily. So a lot of this twist and turn is created because of their poorly written laws on some of that. I'll be doing a class, just so you guys know, I'll be doing a class in Olympia on February 10th, I think it is. So commissioners, you're invited. Come on down and you can hear the real estate agents and the other appraisers, and you can get a good feedback from those people. So I'll send the information to that. Again, no charge, absolutely. I'm done.

Speaker 1 (00:57:20):

Commissioner Knudson, you're or [inaudible 00:57:22] muted.

Scott Biethan (00:57:27):

Right. Thank you. Hey, Mr. Reddington maybe-

Dean Potter (00:57:29):

You're just making people feel not bad for muting themselves, that's all.

Scott Biethan (00:57:35):

I'm here for you. Yeah, we'll come back to the discussion. Maybe I'll let you address the question around, the comment around how come you can't go up to 12 units with the current law the way it's written, at least some feedback on it again. But yeah, let's move to Mr. Hagar right now, and thanks everybody.

Sandy (00:58:05):

Is that-

Speaker 1 (00:58:05):

[Inaudible 00:58:05].

Sandy (00:58:05):

Mr. Hagar's comment?

Preston Knudson (00:58:05):

I gave my comments.

Scott Biethan (00:58:06):

Oh, [inaudible 00:58:07].

Sandy (00:58:07):

That was Mr. Hagar's comment.

Scott Biethan (00:58:07):

That's my bad.

Richard Hagar (00:58:11):

That's okay, Scott, we'll let it slide.

Scott Biethan (00:58:14):

Okay, any other public comments?

Sandy (00:58:17):

I do not see any other hands at this time, Chair Beethen.

Scott Biethan (00:58:21):

Okay, back to the commission, and the comments that I heard were from Mr. Town around current versus prospective, and then Mr. Hagar as well, and then Mr. Knudson. And so, the question of current versus prospective, my observations, and I'm going to come back to the ... This is a question for the commission, and I think about highest and best use. I believe that we still have to have the highest and best use as is, not the highest best use as is, even if it involves a prospective action, something that's done of property, that still would be defined as the highest and best use as is, and I still think you'd have to, even though that would be based on a prospective event, which would be developing, it's still the value as is. I mean Todd, feel free to weigh in because you've always had a pretty good way of helping me to learn this stuff.

Dean Potter (00:59:34):

Well, it's pretty straightforward. [inaudible 00:59:37] specifically states that the highest and best use must consider not just current land use, but land use changes that are potential and/or expected to occur, because the law has been signed, we can therefore assume that it is expected to occur. And so in the appraisal highest and best use process, the current valuation must take into consideration, the land use change that will occur in the future. Whether or not that has a positive, negative, or neutral impact on the property is part of the highest and best use process. And the appraiser must make that determination as to what market participants are doing currently, in reaction to what will happen in the future. And that's the interpretation that needs to be put out there. That appraisers do need to do a tremendously greater in-depth analysis of how this is impacting their particular market that they're working in, to determine whether or not, market participants are paying more for properties because they can or will be able to develop them into a greater density, or if people are selling and property values are declining because of a greater density, they don't want to be in those areas. So that's where this comes into prospective value. I don't consider it prospective value, I consider it current value based upon how market participants are reacting to events that are pending to occur in the future. So hopefully that explains.

Scott Biethan (01:01:08):

Hey Mr. Town, I know you get your hand raised, but I hate to say this, this is not a debate at the moment and I apologize. I know it's not something that we all like for process, but it's a process we have to live with, and in some ways, I'm not a fan, and in other ways I understand the basis behind it. So we're going to continue in the commission discussion and we do appreciate-

Dean Potter (01:01:27):

The only reason-

Scott Biethan (01:01:28):

Your input.

Dean Potter (01:01:29):

The only reason that I'm able to input right now, Dave, is because of the fact that I was on the subcommittee, that's the only reason. I am a member of the public, but because I was part of the subcommittee is why I'm able to [inaudible 01:01:39].

Dave Town (01:01:39):

I just wanted to read directly from [inaudible 01:01:41].

Scott Biethan (01:01:42):

Dave, you know something? We are really going to stay with the timeframe, and I know you don't like it, and I really respect you, and respect the knowledge you bring, but I'm going to say, this is going to be a commission discussion. I don't want to have any issues around open meetings questions. So I apologize and I very much value and appreciate you. Mr. Sporn.

Mr. Sporn (01:02:08):

Yeah, I just want to mention one of the things that I know that you didn't mention, just I'm sure Sandy got it down, but one of the things that Dave requested is that we make this memo public to-

Scott Biethan (01:02:18):

Oh, right-

Mr. Sporn (01:02:19):

All the stakeholders, okay.

Sandy (01:02:22):

Meeting materials are always available upon emailing our DOL inbox, we can send them out, and we'll make that announcement later.

Scott Biethan (01:02:34):

And you know, may I offer something up too. We can take action here in this meeting, and then go to prepare a final document, but if somebody wants to send something into the DOL in writing, prior to the document being sent, the committee can consider it, and then we would ... I'm not sure how we do that in an open meeting way, but you know what I mean? I'm trying to figure out a way, that if there are comments that really are important and we miss something, then trying to figure how do we get that from the public, that if they want to send something in afterwards, we can at least consider that. Sandy, is there anything awry with open for a public process on that?

Sandy (01:03:15):

Nope, that's absolutely fine. And just like when they submit public comments, when you read that email, that is the same email address that people can request meeting materials, people can submit comments for the subcommittee to review, and we'll make sure that it gets to the subcommittee at their next meeting. So that is the common email for the public to use.

Scott Biethan (01:03:42):

Okay, great. Hey, Mr. Reddington, do me a favor? Could you comment on whether or not, if it's at least six units, what stops somebody from putting 20 units? What stops that from happening?

Dean Potter (01:03:53):

The way that the bill is written, it merely restricts the municipality to creating a density requirement less than six units. The-

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

Dean Potter (01:04:03):

... creating a density requirement less than six units. That doesn't mean that the municipality can't cap it at six units. So it's up to each municipality to determine how many more units that they will allow beyond the six units. So there may be areas where a municipality says, "We're capping this at 12 or we're capping it at 20." Or, "We're not capping it at all," which is what Spokane did. If you can fit it on the lot, you can put it on the lot type of a thing. So the terminology is specific to just merely restricting cities from restricting density below six units or four units depending upon the size of the city.

Scott Biethan (01:04:47):

[inaudible 01:04:47] Mr. Sedor? Oh, by the way, thank you Todd.

Commissioner Sidor (01:04:51):

I really appreciated Richard Hagar's comment basically pointing out that what they're really, the legislature seems to be ignoring is we already have laws on the books regarding subdivisions and creation of subdivisions. And really what this seems to be doing is saying we're going to create some new method or process for creating a subdivision, a residential subdivision. And so ...

Scott Biethan (01:05:17):

Would that be an additional con on the do nothing? I'm sorry, con on switching to six units, right?

Commissioner Sidor (01:05:27):

Well, it's just getting confusing. And I think there's an overlapping that's not being recognized. That there already are or should be laws in municipalities and under the state that pertain to creation of subdivisions. So it's just confusing, it's really confusing overall. And I'm not really sure [inaudible 01:05:54]-

Sandy (01:05:54):

Chair Beathan, that might best fit under support passage of HB1228, which limits the middle housing units. That might be a pro.

Scott Biethan (01:06:06):

Okay. Yeah, I think there'll be a little bit of work we'll do before a final document. And yeah, Mr. Sporn? Mr. Sporn?

Commissioner Sporn (01:06:18):

Yes. In regards to the Spokane, the Boca bill in Spokane is to allow these six units, they had to relax the setback requirements and they relaxed the height requirements and they relaxed certain things that were always in place. But one of the things that they realized that was really difficult is now you get into Department of Ecology is where's all this stormwater going to go? So that's very important.

(01:06:44):

I mean, there was a limit on what the percentage of the total lot, how much could actually be covered with a physical structure. And they relaxed those requirements also. But there were some catch-ups in there with the Department of Ecology is you have to have a place for this stormwater to go. And so there had to be a 208 section, that's what our code for a swale or something for all this to go. And they also talked about having permeable hard surfaces, permeable asphalt, permeable concrete. There's got to be a place for this water to go. It just can't all rush out into the streets. So there was a limit there on what they could do because who has precedent over that? Ecology where all this stuff goes, or building and planning? So again, another unintended consequence.

Scott Biethan (01:07:37):

Yeah, I got to tell you, this is a real quagmire. The issues, they seem so simple when you say, here's what we're going to do, but then there's all the execution of it. I think we've got so far, and I'll get to you in a minute, Mr. Reddington. We've got one of the issues about unintentionally creating a subdivision law within the current law. That's one thing we incorporated and then also what Mr. Sedor pointed out. So yeah, there's a couple of things we can add into that. Mr. Reddington?

Dean Potter (01:08:27):

Yeah, and I'm not trying to precursor my public comments because this is [inaudible 01:08:33]-

Scott Biethan (01:08:33):

Yeah, I would make sure you don't.

Dean Potter (01:08:37):

Yeah, I know. But HB1110, the wording within it creates so many different issues on not just this bill and 1337, but multiple bills that are currently being considered. And the whole point of us having to be on this work group and this task force is because of how it's worded. And it's really imperative in my mind that the members of our profession, not just ACAL and Breakam, that we pay closer attention to what's going on in the legislature. And that ACAL and Breakam be more proactive advising the legislator and the housing committees in regards to how these bills are being written in their wording and how they impact so many other things moving out from just that one isolated bill. So just the instance that I'm talking about is HB1110. By using the terminology at least six units, it eliminates a single dwelling unit lot, which means all lots in theory, if it's interpreted this way, all lots are technically multifamily lots. There aren't single dwelling lots anymore.

(01:10:04):

And terminology, that wording is used in many, many different bills that are under consideration right now. And the unintended consequences to those bills without understanding what HB1110 has done, it just amplifies this issue of at least six units. And again, I'll get more into that when my public comments are. But Commissioner Sedor and Sporn have both brought this up. And Commissioner Potter brought up the fact that this wording and this terminology is an issue and it's just something I think that we need to be paying a little bit closer attention to on all levels of our profession. So that's all we wanted to say.

Scott Biethan (01:10:49):

Thanks.

Commissioner Fodder (01:10:51):

Chair Beathan, this is Commissioner Potter. May I speak?

Scott Biethan (01:10:58):

Yeah, Stan, is that okay if Dean talks? He doesn't have his camera on, so probably doesn't see your hand. Yeah, go ahead please.

Commissioner Fodder (01:11:04):

Okay. Yeah, in regard to Dave Town's comments, I'm having difficulty putting this in a perspective box. It's highest to best use as is, no different than maybe a house on a 10 acre tract that could support 80 more lots or something like that. It's the potential as is as of that time under the current legal opportunities you have to develop that property. So I'm having trouble putting that in the perspective box as Dave was. But I have a lot of respect for Dave. So I would urge Dave to spend a little time this morning and get an email off to this committee and explain better how he sees that in the perspective box.

(01:11:59):

And then the second thing I have to say is this is a very dynamic circumstance here. It's like unwrapping an onion. And one of the things we appraisers do is we recognize situations like that. And I think we're trying to take a memo that really needs to get out to a lot of people, the Department of Commerce, the real estate agents, anyone, get our observations as they currently are.

(01:12:40):

And so I would recommend in that background up there, I think a comment or a clarification or a caveat that says, "We have been studying this situation, continue to study it, and as of now, these are our current observations." And give us the opportunity to later amend this with all of the additional things. This is like unwrapping an onion. We could spend the whole day thinking about, well, what about this? What about that? I think the timing of getting this out is pretty important. It is, to me anyway.

(01:13:21):

I think we have to avoid the politics of why the legislature wants to do this, and that isn't our role. Our role is not to lobby. Our role is to get information out to those that can take action on it. So I would be in favor of Dave clarifying his comment and also putting a caveat in the background paragraph up there on this memo before we send it out that it's subject to change because this is what we currently know about it. So that concludes my comments. Thank you.

Scott Biethan (01:14:04):

Thanks a lot. Mr. Sedor?

Commissioner Sidor (01:14:08):

Well, echoing what Commissioner Potter just said, I agree. But I was curious. I'm not sure I'm completely knowledgeable about. Is our memo going not to lobby, but are we going to disseminate this information and consider it a dissemination of information rather than lobby? Is this going out to anyone in the legislature? Are we-

Scott Biethan (01:14:34):

You know-

Commissioner Sidor (01:14:34):

Is our-

Scott Biethan (01:14:37):

Sandy?

Commissioner Sidor (01:14:37):

... legislative rep going to be brought in on this?

Scott Biethan (01:14:40):

I have to tell you, I'm not sure what the right answer to that is, to be honest. I know that I'd like to see it go to commerce and I don't know what the DOL will be able to do. Sandy, what's?

Sandy (01:14:53):

At this point, this memo is on behalf of the subcommittee to the commission. And it's pretty much outside of the scope of the subcommittee to recommend, I mean, to have an action. So it is up to the commission.

Scott Biethan (01:15:14):

Right. But my question is-

Sandy (01:15:14):

So this is just to the commission at this point.

Scott Biethan (01:15:19):

I totally understand that. But if the recommendation is, okay, let's take these recommendations now forward them to the DOL, which that's obvious, Commerce which is another department within the state. But is there any upside or downside? Well, the upside is making a point known. Is there anything we need to be aware of? We said we'd like to have this go to the sponsor of the bill or to the legislature somehow or another. Again, I got to be honest, personally, I'd like to see this go out to anybody and

everybody. I don't want to do anything that compromises DOL and compromises the commission. So I keep asking questions because this is a little tricky right now. And-

Sandy (01:16:07):

So disseminating this to the legislature might be a little bit risky. But what we can do is we can put together a list of recommendations that we can do and we can discuss this all at that next meeting.

Commissioner Sidor (01:16:28):

Well, the legislature's in session right now, and they've got a short timeframe. So the timing of our contribution is [inaudible 01:16:39]-

Sandy (01:16:38):

I would suggest that since Mr. Reddington is also on the subcommittee, that Mr. Reddington could be the point of action to involve ACAL. Because ACAL can lobby.

Scott Biethan (01:16:51):

Yeah. There's nothing to stop ACAL from taking their document and emailing it off to whoever they want email it off to.

Sandy (01:16:56):

Correct.

Dean Potter (01:16:58):

Right. And I'll be happy to do that. The other question that I have, and this is just I think, Chair Beathan, that you're struggling with this as well, and my understanding with it is. That the React Commission is my understanding was created to advise the legislature. And so if that's the case, then wouldn't that fall underneath that? Okay, I see. Okay, hold on one second. But at least send it to the housing committees of the state and the house so that the members of those committees, because that's who we're related with. But anyways, I'll shut up because Stan is waving his hand.

Commissioner Sidor (01:17:35):

Well, the React is to advise the director,

Scott Biethan (01:17:38):

Correct.

Commissioner Sidor (01:17:39):

The director of [inaudible 01:17:41].

Scott Biethan (01:17:40):

Yes.

Sandy (01:17:41):

And our scope of authorization revolves around licensing. So as far as licensing residential appraisers and licensing general appraisers, that is the scope of our authority. We don't have any scope of authority in city planning. We don't have any scope of authority in lobbying the legislature. So as far as the scope of authority that we can actually do is would be option number ... What was the option number three?

Dean Potter (01:18:25):

Three, I believe. Yes.

Sandy (01:18:27):

That is the only thing we could actually impact because that's what we are in charge of is licensure. We would not be able to make any business decisions for an appraiser. We would not be able to make any-

Dean Potter (01:18:48):

Yeah, we just [inaudible 01:18:50]-

Sandy (01:18:50):

... lending decisions for a prospective buyer. So our scope of authority is limited to licensure.

Scott Biethan (01:18:59):

Yeah. We understand that. Whereas the commission can at least provide information that we can send to whoever we think is appropriate. In this case, it sounds like it'll be somewhere within the state. But it would be better if somebody else that had lobbying purview could then take that document and say, "Look, this is what the commission's pros and cons are." Anyway, I shouldn't have spoken before you Commissioner Elston, please. You haven't spoken for a bit, please.

Commissioner Elston (01:19:29):

I do have some concerns of what responsibility we would have in communicating our observations to the legislators and be taken out of context. It's my understanding that our purview is to be able to advise the DOL and the director of the DOL on appraisal issues. And the DOL has their own legislative person who has actually spoken at our commission in the past who is in charge of coordinating with the legislation. And I suggest that we provide our observations to this person and let them determine how it then gets dispersed on to the legislators themselves. I think that would be better than us stepping outside of our lane. Thank you.

Scott Biethan (01:20:20):

Thank you Commissioner Elston. Mr. Sporn?

Commissioner Sporn (01:20:29):

Yeah, I'd just like to say once this does be able to go public, we would like to at least legislators know. And if Todd as a member of ACAL could forward that to the sponsor of 1228, Leonard Christian, that would be great. It wouldn't come from us, it would come from ACAL or Todd personally. That's it.

Scott Biethan (01:20:53):

Good.

Dean Potter (01:20:57):

And I would wait to forward anything until we have the final draft, obviously. And then I would notify the commission who was being sent a copy of it so that you were made aware of it as well as a copy of what was being sent so that you were aware of what was being sent.

Scott Biethan (01:21:18):

Yeah-

Sandy (01:21:18):

So-

Scott Biethan (01:21:18):

[inaudible 01:21:18]-

Sandy (01:21:18):

Chair Beathan, just to make sure that I'm hearing things correctly. Before you take any action on this memo, you wanted to have another meeting with the subcommittee to create a final draft. Is that what I'm hearing?

Scott Biethan (01:21:34):

First of all, I defer to the commission. I would personally like to resolve what I would call a working framework of the draft and allow the subcommittee to have the ability to do small edits on behalf of the commission because I don't want to wait. I personally, and again, this is just personally, I don't want to wait until the next meeting. I think Commissioner-

Sandy (01:22:00):

So-

Scott Biethan (01:22:01):

Go ahead.

Sandy (01:22:01):

If that's the case, then I think because it's inappropriate for the subcommittee to make the action, so I think we need to move forward with what we have now. Then for the action, and if there are any updates, provide them at that time.

Commissioner Fodder (01:22:21):

I don't understand what you mean.

Scott Biethan (01:22:26):

Yeah, I didn't follow it either. Sorry.

Sandy (01:22:28):

So the-

Dean Potter (01:22:29):

Sandy, I got it, Sandy.

Scott Biethan (01:22:31):

Well, I'd like to hear her say it, please, Todd.

Sandy (01:22:34):

Okay. So it's inappropriate for the subcommittee to take action without the approval of the commission. So if we wanted to do any updates to the memo, we would have to wait for the next meeting to do that. Since we don't want to wait for the next meeting, I would suggest that the action you want to take be done now. And if there are any updates to the memo, they can be provided at a later date to whatever action it is that you want to take.

Scott Biethan (01:23:12):

And again, I want you to be candid and tell me no if this is not a right way to do it. I've got three issues here. Actually, two issues. And then the third would just be something that we would or would not revise later from Mr. Town's comments. But one of the cons is that you unintentionally create a process for subdivision. And one of the pros and cons under the do nothing is adding the pro. You still could have hybrid appraisals between commercial and residential appraisers. With a con attached to that that is increase in timing, increase in costs, and not certain this is a workable solution in the industry.

(01:24:02):

And I'm saying those would be adds that can we verbally add that and then perfect the language? Does the commission need to weigh in on every single word? Or do they need to weigh in on this is the document with revisions, refinements of unintentional subdivisions and refinements around the hybrid as noted. Is that a problem?

Sandy (01:24:30):

No, I don't think that that's a problem. As long as all the commission verbally-

Commissioner Fodder (01:24:33):

Okay, but that's not the-

Sandy (01:24:35):

... verbally agrees to each of those edits, then we can make those edits and send it.

Commissioner Fodder (01:24:42):

Okay. [inaudible 01:24:44]-

Sandy (01:24:44):

But everyone has to agree on those edits.

Scott Biethan (01:24:46):

Okay.

Commissioner Fodder (01:24:47):

Scott, are you looking for a motion then?

Scott Biethan (01:24:48):

Yes.

Commissioner Fodder (01:24:49):

Okay. I move that we adopt the memo as written with the edits relative to the two things that you discussed, and that's my motion.

Sandy (01:25:13):

And Chair Beathan-

Scott Biethan (01:25:13):

[inaudible 01:25:17]-

Sandy (01:25:17):

... I think the sheet that you're reading from is covering your camera.

Scott Biethan (01:25:21):

Oh.

Sandy (01:25:22):

There you are.

Scott Biethan (01:25:26):

You're right. That's pretty handy. I like that. I'm going to have to use that more often. And I'm going to clarify that the two subjects were an unintentional subdivision process. And then the subject that was not considered were hybrid appraisals. With a pro being that it's a solution, but the cons are at a cost, at a timing and you still can't satisfy Fannie and Freddie.

Commissioner Fodder (01:25:59):

Correct. That's my motion.

Commissioner Sidor (01:26:03):

This is Commissioner Sedor. I would like to second Commissioner Potter's motion. But clarify also, maybe this is an amendment, Commissioner Potter, if you agree. I think we also should put in what you had remarked on earlier maybe as an introductory paragraph or included in the introductory paragraph. Is that this is kind of a work in progress and there are a lot of issues that are still being considered-

Scott Biethan (01:26:31):

Yes.

Commissioner Sidor (01:26:33):

... that there are a lot of unintended consequences that are apparent.

Commissioner Fodder (01:26:38):

Yeah, I didn't hear any feedback on that, so I left it out. But yeah, I would like to add that.

Commissioner Sidor (01:26:44):

No, I think that's important to emphasize right up front.

Commissioner Fodder (01:26:45):

I'd like to include that. So include that in my motion too, and I appreciate your support there, Stan.

Commissioner Sidor (01:26:49):

Yeah, I'm seconding that then.

Scott Biethan (01:26:53):

Yeah. Todd, you get your hand up. Is that discussion or the hand still up from your previous comment?

Dean Potter (01:26:57):

I have a comment. It doesn't have to come until after you guys are done with this. It relates to just being technically in compliance with guidelines and everything else. I guess I'll just say it now. We've already made it established it very clear that the commission is not allowed to lobby in any way, shape or form. So I want to make clear that the commission is not instructing me or ACAL to perform any act whatsoever.

Scott Biethan (01:27:23):

Nope.

Dean Potter (01:27:24):

I am merely-

Scott Biethan (01:27:24):

Agreed.

Dean Potter (01:27:24):

... volunteering the fact that any communication that I forward on to anyone else will be communicated to the commission as well, just so that they're informed of what we have done. Okay?

Scott Biethan (01:27:36):

I mean is that? You don't want to use ... Whatever. I agree with you.

Dean Potter (01:27:37):

I don't have to, but I just want to make it clear you guys aren't telling me to send it to anybody.

Scott Biethan (01:27:42):

No.

Dean Potter (01:27:42):

Or not to send it to anybody.

Sandy (01:27:46):

Correct. That's very appropriate. Thank you, Mr. Reddington.

Scott Biethan (01:27:49):

Great. Great. Thanks. All right. It's been moved and seconded that we adopt the memo from the working group to the commission with some edits around hybrid and around subdivisions and also some introductory language that refines that this is a work in progress that may be updated in the future as other information comes in.

Sandy (01:28:16):

And I wanted to also clarify that the action that you're requesting is that staff forwards this memo to our policy and legislation unit for any possible action that they may need to take. And that Mr. Reddington has volunteered to provide this communication to his contacts at ACAL. Is that correct?

Scott Biethan (01:28:43):

Hold on for a minute. I don't know that we necessarily need to recognize anything that Mr. Reddington may or may not do.

Sandy (01:28:52):

Exactly.

Scott Biethan (01:28:52):

Once it becomes a public document. Okay. Yep.

Sandy (01:28:55):

Exactly.

Scott Biethan (01:28:56):

I wasn't sure. Yeah. Okay. Yep.

Sandy (01:28:58):

Okay.

Scott Biethan (01:28:58):

Yes. So I'm sorry. Say that again Sandy. I want to make sure I heard that correctly.

Sandy (01:29:04):

So the action that you are requesting is that staff forward this memo to our policy legislative unit for any possible communications they might need it for.

Scott Biethan (01:29:23):

Okay. And to DOL and to Commerce, right? Or just to that unit?

Sandy (01:29:29):

I think just to that unit and then they would be able to forward it. I think that's what Vice Chair Elston has said, provide it to the policy and legislation unit and then they would be able to communicate that out to anyone that needs it.

Scott Biethan (01:29:49):

Okay. Okay. That sounds okay. Is the commission okay with all this?

Commissioner Sidor (01:29:54):

Yeah, this is Commissioner Sedor. Just to clarify and make sure it's not the memo, it's the memo as it will be revised.

Scott Biethan (01:30:02):

Yes. Thank you. Thank you.

Commissioner Sidor (01:30:05):

Nitpicking.

Sandy (01:30:07):

Okay. With all of that discussion, Chair Beathan, would you please request for another motion now that all the clarity has been defined?

Scott Biethan (01:30:17):

I'll take a stab at this. I want to clarify the motion. It's a friendly amendment. It will need to be approved by Mr. Potter and then seconded by I think Mr. Sedor. That the Real Estate Commission adopts the memo with revisions around the introduction that would reference that this is a work in progress around potential negative impacts of a different way to achieve a subdivision. And around the issue of hybrid appraisals and the do nothing scenario that deal with added cost, added time. And then also Fannie and Freddie Mac. And that the memo be forwarded to the Policy and Legislation division within DOL. Did I miss anything?

Commissioner Fodder (01:31:19):

Second.

Scott Biethan (01:31:19):

Okay.

Commissioner Fodder (01:31:19):

That's perfect.

Scott Biethan (01:31:22):

Is that acceptable to you, Mr. Potter?

Commissioner Fodder (01:31:25):

Yes, it is. Very well spoken.

Scott Biethan (01:31:27):

Is it?

Commissioner Fodder (01:31:27):

I think my earlier motion should have been taken out in the shot, but-

Scott Biethan (01:31:31):

No, no.

Commissioner Fodder (01:31:31):

... you did it very well.

Scott Biethan (01:31:33):

Yeah. Yeah. Seconded. The motion's been revised. The revised motion's has been seconded. Any other discussion? Calling for a vote on the motion. All say aye.

Commissioner Fodder (01:31:53):

Aye.

Commissioner Sidor (01:31:53):

Aye.

Scott Biethan (01:31:53):

And any opposed? Seeing none, the motion carries. Thank you. It was a long discussion. I know that. It was a lot of time spent on this. We all have day jobs. I appreciate all of the stakeholders. I'm going to say again to Mr. Town, I really appreciate you and I'm sorry that we're tamping discussion down, but we're really going to be following the rules and you're a good man and thanks for not being mad publicly at me. You may call me afterwards and that's okay. I totally get it.

(01:32:26):

But really appreciate each and every one of you. And I know there's a meeting around this topic that's going on at the same time. Unfortunately, a lot of the stakeholders are in a different meeting, but that's,

hey, this is a hot topic. All right. So with that being said, we're done with that. And thank God, I'm turning it over to Sandy to go over the reports.

Sandy (01:32:47):

Thank you, Chair Beathan. So first up we have our complaint case counts. There are a total of five cases that are open at this time. There have been three that were sent on for investigation. Four investigations have been completed, and this is third quarter of 2023. It's just the snapshot. There were two open, incomplete intake. 52 open in investigations, and five open in legal compliance.

(01:33:24):

And if you'll move on to the next slide please. So from January 1st of 2023, all the way through December 26th of 2023, this is an annual snapshot of what we had. There were 93 cases that were closed, eight that were still in intake, 49 under investigation, six under legal investigation, and one in management review for a total of 157 cases. And at this time, I would like to introduce Mr. Nathan Buck. He is with our centralized investigations and OnIt unit, and he has just a little bit more information about complaints for everyone. Mr. Buck?

Mr. Nathan Buck (01:34:13):

All right, can everybody hear me?

Scott Biethan (01:34:16):

Yes.

Commissioner Elston (01:34:16):

Yes.

Mr. Nathan Buck (01:34:17):

Okay, perfect.

Scott Biethan (01:34:18):

Just a small favor, somebody needs to mute. There's a radio or something in the background, so if we can make sure you're muted, I would really appreciate it. Thanks. Sorry to interrupt.

Mr. Nathan Buck (01:34:27):

All right, thank you. So again, thank you very much for the introduction, Sandy. My name is Nathan Buck. I'm the investigation supervisor. So my group is responsible for reviewing all complaints to determine jurisdiction and authority. Our office receives a vast majority of complaints from consumers alleging the appraisal reports were flawed, which led to unsupported values or conclusions. Complaints from lending institutions, appraisal management companies, or Fannie Mae allege inconsistent methodology or unsupported opinions. A couple of consistent concerns for our office include unsupported adjustments or justifications, or lack of work file information related to the appraisal

report. An example of this would be material correspondence between clients and the appraiser. So with that, that's just a brief overview of what we do and I thank you for your time.

Sandy (01:35:25):

Thank you Mr. Buck. And for a quick background on this, this report was provided to the commission because earlier last year the commission had requested that the DOL be able to provide us our top two or three subjects of the complaints for educational purposes. And so that is what Mr. Buck has provided us. We will be sure to add this type of report out for each of our meetings going forward. And with that, are there any questions?

PART 3 OF 4 ENDS [01:36:04]

Speaker 2 (01:36:16):

I don't see any.

Sandy (01:36:19):

Okay. Next I would like to introduce Eugene Mustin. Mr. Mustin.

Eugene Mustin (01:36:35):

Can you hear me?

Sandy (01:36:43):

Yes.

Eugene Mustin (01:36:45):

Hey, good morning everybody. My name is Eugene Mustin and I'm the assistant administrator over CIAU. So I work hand in hand with Kathy Nagley, who's the administrator, and we oversee Nathan's team as well as complaint intake. So I just wanted to take some time and introduce myself, understanding that there was a couple do outs from my team and put a face with the name so you guys would know who you might be able to contact if there's any issues and concerns.

(01:37:16):

I know within complaint intake we're doing a huge revamp over the last three months, so we're tweaking our processes and how we're doing business. So I think moving forward there'll be a better flow with complaints and how they're addressed and how they're pushed throughout the system to Nathan and his team and then onto our compliance team. But I just did want to take a quick second during you guys' meeting here and introduce myself, just so you would have that name to go with the team that does that complaint work for you guys.

Sandy (01:37:55):

Thank you so much, I really appreciate that. And moving forward, we're going to be able to provide a lot more in-depth reports around the complaint process.

(01:38:07):

All right, let's move on to our next slide please. And here we have our licensing counts. As of December 26th, we have a grand total of 2,939 licensees between the ages of 25 and then over 65. Next slide please.

(01:38:36):

Here we have our basic graph that shows the average renewals and the average new licensees from January to December of last year. So our average renewals are about 116 and our average new licensees are 18 for the year. Next slide please. And here we have the historical licensee count from 2018 up to date. As you can see in 2021, we had a little bit of a dip in our certified generals, but at the same time we had an increase in our trainees. And our certified residential appraisers held steady until about 2022 when we saw just a little bit of a dip. And that is the trends that we're looking at now. And with that I'm happy to answer any questions.

Commissioner Sidor (01:39:46):

Sandy?

Sandy (01:39:47):

Yes.

Commissioner Sidor (01:39:48):

This is Commissioner Sedor. I appreciate the representatives from the DOL who introduced themselves and explained a little bit about what they're doing. I did note when I reviewed the participant list of all the different people at the meeting today, there were a large number of different people reporting in from the DOL and I was just curious why that is. What does that represent?

Sandy (01:40:18):

Oh, that's a great question, commissioner Sedor. Moving forward, we are working with our partners in the different units within the DOL and they're going to start coming to our meetings and being able to support us as your board staff just a little bit better, so that when we do have these in-depth questions, we can reach out to our partners in those other units and get you answers quicker rather than having to wait 'til the next meeting for me to do some research and find it out and get it back to you. So this is all an attempt to get these questions answered promptly and in a way that is beneficial to the rest of the commission.

Commissioner Sidor (01:41:05):

Thank you very much. I hope this is worth their time.

Sandy (01:41:08):

Thank you. Okay, well I'll kick it over to Sandra to go over our master action item list.

Sandra (01:41:15):

Thank you Sandy. And so I have an update on the recruitment. We've sent out a total of three list serves over the last couple of months, the most recent one being January 4th of this year. We have received materials from three applicants and are going to be moving forward in the interview process for the one position that we have vacant. Regarding the house bill 1110 and Mass advisor education meetings, we've already discussed those and that meetings have been held and we've done report outs, so those will be removed from the list. And then the hours and training requirements, this was a question that came up during a previous meeting about some of the information and the presentation slides were incorrect. Sandy did double check the rule change language is in alignment with the PARIA and AQB standards. So it was just an error on our part. So rest assured [inaudible 01:42:15].

Sandy (01:42:15):

And specifically it was my part, it was typos at our last presentation.

Sandra (01:42:24):

To err is human. And that's everything. So that one will be removed from the list as well. Back to you chair Bethan.

Scott Biethan (01:42:31):

Okay. And when I write a perfect, every word, every sentence, every period perfectly, I will complain about anything that you guys miss on any documents you put out. Until then, I think we're all very safe, so thanks for all you guys do.

Sandy (01:42:50):

Thank you for your support and your confidence, chair Bethan.

Scott Biethan (01:42:54):

Oh man. To all my bank review returns out there, thank you for all of your input to my appraisals. So I just want to say many thanks and I totally understand. All right, so we're going to [inaudible 01:43:05]. Sorry?

Commissioner Sidor (01:43:05):

I have a question. This is Commissioner Sedor, I have a question. On the mass appraiser education subcommittee, did I not understand correctly, I thought I heard they were going to meet again?

Sandra (01:43:22):

Yeah, so they will be meeting every two months.

Commissioner Sidor (01:43:24):

That's a future-

Sandy (01:43:27):

And that is an ongoing agenda item now. So we'll remove it from the master action items and now it's an ongoing agenda item report out.

Commissioner Sidor (01:43:36):

Great, thank you.

Sandra (01:43:42):

Correct. Any other questions?

Scott Biethan (01:43:49):

Yep. Good. Okay, we're going to now move to public comments and open the floor. Again, I appreciate you keeping to three minutes and comments submitted into writing will be read, count towards the three minutes. Comments within the matters within the commission's jurisdiction and the commissioners are limited to directing staff to study the matter further or requesting the matter be scheduled for a later discussion. And then the last one is you've already spoken on HB1110, we ask that you not speak on that here in this one, and hopefully Mr. Reddington, that's going to be okay, because I realized-

Sandy (01:44:31):

And Chair Bethan, before we get started, we do have one written comment for me to read.

Scott Biethan (01:44:38):

Go ahead and read it in.

Sandy (01:44:40):

Okay, this written comment is from Bob Masuto. Good Morning Commissioners and DOL staff members. While no longer on the Appraisers Coalition of Washington Board of Directors, I remain an advocate for Washington appraisers and appraiser trainees. And now I am at liberty to voice my opinions without needing permission from the board. I have learned a number of appraiser trainees that are having significant issues with the Department of Licensing, DOL, while applying to take the state appraisal examination. It has become obvious to me that some employees of the DOL are misinterpreting the appraiser qualification standards published by the Appraiser Qualification Board.

(01:45:26):

One such case has been documented as a formal complaint to the director of the DOL and REAC chair, while I sat as president of the Appraisers Coalition of Washington, ACOW. Initially, one of the React

commissioners agrees with my assessment of the wrongdoing to an applicant and past recommendations to A DOL staff member. Afterward, another DOL staff member came back with yet another inappropriate requirement, which eventually led to the formal complaint. Following the formal complaint, neither the DOL or REAC responded to me, nor did either entity respond to the trainee who filed the complaint with ACAL. I go on record stating that I personally find the actions of the DOL and REAC or lack of disrespectful of Washington's appraiser trainees who are impacted by the DOL's misinterpretations of the appraiser qualification standards published by the Appraiser Qualification Board, AQB. Their inability to properly intro operate the rules published by the AQB has caused numerous appraiser trainees throughout the state, significant turmoil and hardship.

(01:46:44):

This practice needs to stop. Further as the state is closing in on rule changes that will bring Washington in line with the AQB qualification standards that became effective in January, 2022, I and others are deeply concerned that the DOL is not ready for the significant influx of examination requests it'll receive from appraiser trainees who will become immediately eligible for testing.

(01:47:15):

I truly hope the DOL and REAC take a deeper look into this and fix the problem. Obviously, you're not seeing the problem, but trainees in Washington unquestionably are. Respectfully, Robert N. Masuto Jr., President BN Appraisals Incorporated. And that concludes the written comments.

(01:47:38):

I would also like to state that anyone who is interested in receiving the meeting materials, they can email the email address here on the screen DOLboards@do.wa.gov. And thank you back to you chair Bean for the verbal comments.

Scott Biethan (01:47:57):

Great. And Mr. Reddington, you have got your hand up?

Dean Potter (01:48:02):

Yeah, hold my time for half a second. I just want to let you know that HB1110 will be referenced in my comments, but it's not specifically about HB1110. So if you give me a little leeway, I'd appreciate it. So you can go ahead and start the timer. Hopefully I get it in.

(01:48:16):

Chair Bethan and React commissioners. I want to thank you for partnering with the Appraisers Coalition of Washington and creating the task force to address HB 1110. We appreciate respect the work that is done by this commission both publicly and privately to speak for and advise the appraisers of Washington. The successful resolution to recent events in Spokane resulting from the attempted implementation of HB1110 is evidence of what happens when appraisers collaborate.

(01:48:40):

The core of the discord is not the lack of support for changes in housing. The discord and uncertainty are the result of non-industry participants applying colloquial terminology to bills and statutes that conflict with specific definitions of those terms in appraisal and mortgage related decisions.

Scott Biethan (01:48:56):

And Mr. Reddington, I'm going to confirm that you're speaking, generally. He's going to stop the clock for a second. You're speaking generally not specifically to 1110.

Dean Potter (01:49:03):

That's correct. That's correct.

Scott Biethan (01:49:05):

I just used up three seconds of his three minutes, so it was 2:11 when I started speaking.

Dean Potter (01:49:11):

Okay. The core of colloquial term, the inclusion of members of the appraisal profession early in the process will help reduce these unintended consequences. A new example of that is HB2008, which creates a legislative task force on housing cost drivers analysis. The task force includes realtors, tenants and landlords, not appraisers. The Appraisers' Coalition has requested in a letter to be sent today that REAC send a letter advising that a member of the appraisal profession be included, so all perspectives of the issues can be shared. Subsequent to HB1110 and 1337 being signed into law, additional bills impacting the industry are under discussion. HB1998 and SB5901 are co-housing bills.

(01:49:49):

Co-housing in its simplest form is a single structure being converted from one dwelling unit to multiple living units consisting of a bedroom and bath while sharing kitchen and other public rooms within a single structure.

(01:50:03):

This meets the definition of a boarding house. The bill cites that each of the living units will count as 0.25 of a unit towards the zoning density limitation. Therefore, though a municipality will count this as only one dwelling structure, there are four legal dwelling units from an appraisal perspective. Two dwelling structures equals eight dwelling units. The co-housing bill mandates co-housing be allowed on all multifamily lots.

(01:50:25):

Here's the challenge though, HB1110 does not prohibit one dwelling units per site. HB1110 forbids municipalities from restricting development to only one dwelling unit per lot in cities with populations greater than 25,000 people. Subsequently, as written, these bills may conceivably allow co-housing of any lot in these cities. Some have defined HB1110 as the elimination of single family housing. The uncertainty and confusion created is a result of applying terminology to bills and statutes that conflict with specific definitions of those terms in the appraisal and mortgage related decisions. The Appraisers'

Coalition supports diverse residential development of all kinds including co-housing. However, for the sake of all parties involved, it is imperative to request clarity on the intent of these bills and provide clarity and the cohesion of the terminology in each bill. Is the intent of HB11 1998 and 5901 to remove density restrictions through co-housing?

(01:51:22):

I'm running out of time anyways. The unintended consequences resulting for lack of clear definitions and inconsistent terminology within recent housing bills are prime examples of why appraisal professions need to be one sentence, need to be proactive and make our voices heard in early planning stages of these bills as well as other bills currently under consideration that we do not have time to discuss. Bottom line, I'm just asking that the REAC Commission reach out to the director and remind the housing committees and other legislators. That's all.

Scott Biethan (01:51:56):

Oh man. I thought I hit unmute and I was saying thank you, thank you, thank you. I apologize. I think he used up the time that I took from him when I spoke over him and asked him to stop for a moment. So I think we're at three minutes. It might've been a second or two more. That's my fault I couldn't unmute myself. Okay, Mr. Newton.

Mr. Newton (01:52:19):

Good morning. Can you hear me okay? Yeah,

Scott Biethan (01:52:23):

Thanks.

Mr. Newton (01:52:24):

Awesome. So I apologize for earlier stumbling around on my computer here, but I think my comments or questions will be a lot less detailed than the last one, but semi-related to the trainee comments that were submitted in that written form. But I'm currently a trainee and I want to become a certified residential appraiser, and the hour requirements are 2,500 hours and there's a time restriction on that or as a time requirement, which states you have to complete those hours in no less than 24 months and it only takes, if you're working full-time, one year and three months to accumulate 2,500 hours. So I'm just curious if there's been any discussion or talk, and I apologize if there has, and I just haven't been able to find the information or the minutes related to this, but to reducing that 24 month requirement so you can take the exam once you've achieved the hour requirement as opposed to, for lack of better term, sitting on the fence for nine months waiting to take the exam. That is my question.

Scott Biethan (01:53:42):

Great. Okay. So I think Sandy, that might be a question that-

Sandy (01:53:48):

We're not able to have any discussions, which means answering questions.

Scott Biethan (01:53:53):

No, no, no, no, no. I was going to say go ahead. Let me, go ahead, sorry, I'll let you finish right now.

Sandy (01:53:57):

So what I would encourage is for all the trainees to check out the new language of the AQB and the requirements that were updated, that will be effective January 9th.

Scott Biethan (01:54:10):

I wasn't going to ask you to answer that question right now. What I was going to say was if that question goes into the DOL, then you guys can provide that answer also. I wasn't going to say what's the answer to that?

Sandy (01:54:23):

Yes. So please email that email address that you see on the screen and we can answer you directly.

Mr. Newton (01:54:30):

Okay, spectacular. Something you might find maybe semi entertaining. See now I have a few minutes but I was directed to this commission to ask that question. So no problem, I will send an email. And is it to the dolboards@dol.wa.gov?

Sandy (01:54:49):

That is correct.

Mr. Newton (01:54:51):

And if I look up the appraisal qualification boards, that's a national committee. Is there one for Washington, specifically?

Sandy (01:55:01):

As reported out in the earlier agenda, we have finished our rulemaking to align our requirements with the national requirements of the AQB and all that goes into effect on the ninth.

Mr. Newton (01:55:18):

Okay. So I will definitely be doing some internet search. I appreciate your time. Thank you very much.

Scott Biethan (01:55:25):

Thank you. Any other public commentary? Okay, are there any actions?

Sandy (01:55:37):

Chair Bethan, I see Dave Town's hand is up.

Scott Biethan (01:55:40):

Yep, yep, yep.

Dave Town (01:55:43):

Hello again folks. Sorry I always wait 'til the end. But first of all, Chair Bethan, I have no disrespect at all for anything that was done earlier. I love talking to folks in this industry. I did want to say that I have followed up with your suggestion and also Chair Potter's suggestion about sending you folks written information about my comments earlier relative to current appraisal assignments and prospective appraisal assignments and how it all interrelates to what's been discussed today. I have ultimate respect for Todd and everyone else that's been working on this. We all are being listened to and I appreciate that very much.

(01:56:29):

One thing that we have to understand is USEPAP is not a specific document. It is a generically written document, and in some ways it's open to all kinds of different interpretations and we see that happening across various jurisdictions across the United States. But I did want to point out, again, as I've stated before, that there is no current directive in USEPAP that we have to value a site as if vacant. We do not have to report that at all. That was taken out of USEPAP in 2005, 19 years ago, using this year's date.

(01:57:18):

What it says is the appraiser must analyze existing land use regulations, or I should say line number 507. Line number 508 says, "analyze the reasonably probable modifications of such land use regulations." The discussion that I'm seeing and hearing is that just because we have a new state law, that that is going to be a directive that is going to happen. No, it is not going to happen. It can be done. There's a lot of built in what ifs and whatnot ifs in that law that may not allow for a particular property to be developed in the way that the law is suggesting that it can be.

(01:58:11):

So that's why I have referenced current appraisal versus prospective appraisal and we need to keep that in mind. We need to keep USEPAP in mind when we're analyzing these sites that we are asked to appraise as a current valuation assignment. Thanks very much.

Scott Biethan (01:58:39):

Thank you Mr. Town. Any other public comments? Okay, seeing none, the floor is now closed and I think we'll move to announcements.

Sandy (01:59:08):

The staff does not have any announcements at this time. Thank you. Chair.

Scott Biethan (01:59:12):

Request for any future agenda items.

Sandy (01:59:18):

So based on today's public comments, are there any agenda items you would like us to put on the next meeting?

Commissioner Fodder (01:59:31):

I'm going to-

Commissioner Potter (01:59:32):

Go ahead, please.

Commissioner Fodder (01:59:33):

Go ahead. Commissioner Potter, do you want to talk first, Scott?

Commissioner Potter (01:59:39):

No, I'd like to let you.

Commissioner Fodder (01:59:39):

Okay, thank you. Since we inserted that paragraph under background in the memo and it went off to some part of DOL, but at least it got forwarded out of our possession. But we had in there that there had been, we may update it and everything. So I would be interested in having an agenda item where we revisited that, even if it's just nothing new or if somebody says no, this has come up now and this has come up. And we would today, if writing that memo, and we would add the following and just keep track of this as it evolves. So that's my comment.

Scott Biethan (02:00:32):

I think, I mean that sounds like a reasonable request. Does the commission agree with this? I don't think we need a motion, do we? Just keep that on the agenda item?

Sandy (02:00:41):

No, you don't.

Commissioner Sidor (02:00:43):

I agree. I think it should be on the agenda. We should continue to track it.

Scott Biethan (02:00:48):

Yep. Okay.

Sandy (02:00:51):

Yep. We can absolutely add that.

Scott Biethan (02:00:55):

Okay. Any other future agenda items? Okay. And I'm going to acknowledge, and I'm hoping he'll hear of this or hear it, Mr. Masuto's comments, and like many on this call and many who are not on this call, I really appreciate the passion that he brings to the profession. And without folks that are willing to give their time, like many on this call and many are in other calls right now, and we don't get paid to do this stuff. I don't believe that the interpretation of DOL and how would they handle licensure on an individual basis is the purview of the commission. If we think there's something systemically that needs to change, then we can take that under advisement. And I heard the criticism of REAC and that's fine. We are a public body, we're open to criticism and that's just perfectly fine, we can agree or disagree. But at this moment Mr. Cedar's got his hand up and I'm welcome to any other different view on this.

Mr. Cedar (02:02:11):

Thank you Commissioner Bean. I respectfully disagree with you.

Sandy (02:02:18):

I do have to note that we have to be careful not to have a discussion around a public comment even though it's outside, we can decide to add this to an agenda item for our next meeting.

Scott Biethan (02:02:31):

Yep.

Mr. Cedar (02:02:32):

All right. Yeah and I had a discussion, I apologize, I was explaining why, but you were absolutely right.

Scott Biethan (02:02:38):

Thank you.

Mr. Cedar (02:02:39):

Yep.

Scott Biethan (02:02:41):

So it sounds like Mr. Cedar, you're asking to at least have this on the agenda for future discussion.

Mr. Cedar (02:02:48):

If that's possible please.

Sandy (02:02:51):

We absolutely can do that.

Scott Biethan (02:02:53):

Yep. Okay. We're navigating a lot of stuff here, folks. Doing the best we can. Okay. All right, any other future add agenda items? Great. Seeing none. Review action items and items to the next meeting and then after that, that's the last thing.

Sandra (02:03:17):

Yeah. Thank you so much. And so a review of, I'm actually going to really quick just to assure the two action or agenda items that I captured for next meeting is to revisit the house bill 1110 memo, just to review what was final and determine if any future memos will need to be sent. And that will likely fall under the possible 1110 subcommittee report out. So if you don't see it on the agenda, look in the summary and it will most likely be included there. And also to put Bob Masuto's concerns on the agenda for discussion at a future meeting, the next meeting, I should say.

Scott Biethan (02:04:00):

I wouldn't refer to as Bob Masuto's. I would just say issues around however you want to couch that, but-

Sandra (02:04:05):

Right.

Sandy (02:04:07):

We can add training qualifications.

Scott Biethan (02:04:12):

Yep. Yep. Good. Thanks.

Sandra (02:04:16):

Thank you. So I'll put training qualifications on the next agenda. And then the two action items that I captured are, actually one action item, split out and one is for staff to send the final version of the memo to anyone who requests a copy at the DOLboards@dol.wa.gov email. So if anybody would like a copy of that, we will absolutely send that up upon request. And then also, for commission staff to send the final with updates discussed memo to the policy and legislative unit for any communication that they need.

Scott Biethan (02:04:59):

Great. Anything else from the commission?

Commissioner Potter (02:05:00):

Yes, this is Commissioner Potter and I would like to congratulate and thank very much Scott Bethan and Claire Elston for agreeing to be our chair and vice chairman for this year. It's a big job. It involves a lot of their time, and we see the results today. We had, I think, a great meeting and I appreciate so much the effort you folks make.

Scott Biethan (02:05:30):

Well, thanks. And I'm going to also call out the work groups, commissioner Stevens, and Scorn and Sedor and also Todd Reddington. Big help. And although the work goes on, so I agree. Thanks. I have to admit this was a difficult meeting to navigate to make sure we're following all the rules, but getting all the public inputs. So I appreciate everyone hanging in there with us. So any other items on the agenda besides adjournment?

Commissioner Potter (02:06:08):

Moved to adjourn.

Scott Biethan (02:06:08):

Okay.

Mr. Cedar (02:06:08):

Second.

Scott Biethan (02:06:12):

Is there a second? All in favor?

Mr. Cedar (02:06:13):

Aye.

Sandy (02:06:14):

Aye.

Scott Biethan (02:06:15):

All opposed? So it's now 12:07 and on the 18th and the meeting is adjourned and our next meeting will be via Teams on the 18th of April, 2024, at 10:00AM. Thank you very much for everyone's input.

Sandy (02:06:31):

Thank you, everyone. Have a great rest of your-

PART 4 OF 4 ENDS [02:06:33]