



BOARD OF DIRECTORS TELEPHONIC MEETING – MINUTES – Wednesday, September 21st, 2016

ATTENDEES:

ACOW Board Members

President	Penny Crowe	425-687-7150	croweappraisal@comcast.net	Present
VP	Kirk Dosser	509-630-7472	kdosser@pacapp.com	Present
Secretary	Bob Mossuto Jr	206-280-0335	Bob@bnappraisalsinc.com	Late
Treasurer	Margo Henson	206-784-6627	Market@drizzle.com	Present
Director	George Nervik	360-493-0085	George@nationalpropertyservice.com	Late
Director	Bob Meeks	253-202-0085	Bobmeeks100@gmail.com	Not Present
Director	Justin Slack	206-683-2328	justin.slack@gmail.com	Not Present

Others in attendance

John Lawhead
Bill King
Jerin Harper
Tom Stowe

CALLED TO ORDER – 5:35 pm

-Quorum Not Established until 5:58 PM

-No Approval of Agenda

-No Approval of Prior Meeting Minutes

OFFICER REPORTS:

-President's Report

Penny wants us to get the Customary & Reasonable fees bill finalized and ready to go. On a side note that AMC calls have increased substantially, with requests being more reasonable on fees, etc....due to how busy the market has gotten with longer turn times.

Customary and reasonable fees – purpose: to give Department of Licensing (DOL) the ability to censor or punish an AMC if they're not providing reasonable fees. It doesn't seem to be an issue right now. But were going to go through the process and get this in place because of low fees. This gives appraisers a place to take a complaint.

Inactive license bill – Want to put this back into legislation, but it needs a good sponsor. TK said he would help with that. Penny doesn't think it will be a problem. Wasn't a problem before; DOL just did not have a means of tracking. Now that everything is computerized they should be able to do this.

Statute of limitations bill – Penny stated we need to work on this. It would prevent anyone from suing an appraiser for an appraisal product completed after the five-year record keeping requirement, per USPAP. TK said Washington State has a three year limitation. Suggestion; perhaps we should go for the three-year limitation instead. TK; chance of getting a three statute probably will not happen.

-Treasurer's Report

Margo reported a balance of \$10,380. The net profit from the summer conference was +/- \$3,600. She stated the cost for the conference at Wenatchee Red Lion was very comparable to the Tacoma location in year prior.

The balance owed to TK for the year is \$3,750. Margo asked if we want to pay the balance, which was later voted on and approved.

Membership dues that came in during July were \$290

Margo had one conference attendee suggest passing around ACOW flyer with a signup form, during the conference Margo has heard that everyone was happy with the summer conference location and topics

OLD BUSINESS:

Customary & Reasonable Fees Survey

Penny asked George if he had anything new regarding customary and reasonable fees. George stated he did not.

Later in the meeting Penny stated to George that she wanted to know if we need to make any changes to the proposed draft. George stated he would review the draft again and make sure that everything is good.

George says he was talking to another appraiser recently and they were discussing fees. The appraiser was amazed that George gets his fees. Comparing the average price of houses in Pierce County in 1992 and the average price of houses in 2016; assuming you use a standard fee form 1992; today's fees should be nearly double; just accounting for inflation. This does not account for additional regulation during that 24 year period.

Penny told George that should he makes changes, he needs to send them to everybody so that board can make comments.

ACOW Legislative Day in Olympia

This was not discussed

Statutes of Limitation Bill

Penny is working on the statutes of limitations bill with TK because there's limitations as to the content.

Legislative Issues

A discussion started regarding state code revision, a meeting held at the Clark County Association of Realtors in Vancouver, WA headed by State Representative Liz Pike regarding appraiser shortages, and comments received from Scott Dibiasio regarding the proposed change that was slated for presentation at this meeting.

George stated that while there is some accuracy to Scott Dibiasio comments regarding customary and reasonable fees, he does not agree with his overall statement. Penny agreed. Penny looks at it in the perspective that were trying to add to current regulation. Margo says that's what Dodd Frank required. Penny asked Bob Mossuto to repeat previously discussed notes regarding the draft in which Bob Mossuto replied: 1. As written, it seems to restrict the appraiser from charging more than the VA schedule fees. So the phrase "minimum amount or minimum compensation" needs to be worked into the discussion. 2. The bill states the AMC is required to compensate the appraiser within 45 days regardless whether the lender has paid them or not. In reality, with the resources of the 21st century, compensation should be paid within 30 days, if not sooner! 3. Section (k) is a big deal. It discusses the ability of appraisers to discuss items regarding the subject and comparables (other than value) as intended in Dodd-Frank. Reminder; Dodd-Frank only states that appraisers, lenders, etc. cannot discuss VALUE! 4. Section (o) is also good as it forbids the AMC from requiring the appraiser to sign any indemnification agreement. Overall, I think this is a great start and a much needed inclusion to the current AMC law!

Clark County Real Estate Shortage Legislative Task Force

The meeting in Vancouver, WA was a legislative task force meeting organized by Representative Liz Pike and attended by Legislative Assistant to Representative Liz Pike, Shelby Pelon; Representative Brandon Vick; Legislative Assistant to Representative Vick, Peter Gilmour; Pam Peiper of Congresswoman Jaime Herrera Beutler's office; Stephanie Pishue, Policy Staff; Clark County Assessor, Peter VanNortwick; Clark County Association of Realtors (CCAR) President, John Blom, Appraiser & CCAR CEO JoAnn Johnston; CCAR Director of Government Affairs, Terry Wollam; Realtors, Theresa Springer, Bill Kinkaide, Janice Ford Hall, Cathy Bergen, Jaysiah Ferguson; Mortgage Lender, Ken Dahlstrom; Mortgage Broker, Danielle Hinton; Banker, Linda McClellan; Appraiser Coalition of Washington (ACOW) Secretary, Bob Mossuto; and Appraiser, Scott Schobert.

This meeting was assembled by Representative Pike to discuss current real estate appraisal shortages in Clark County, WA and was held at the Clark County Association of Realtors on Monday, September 12th, 2016 at 10AM.

First, the proposed change to the RCW was not addressed in the meeting. Primary discussion involved the long turn times affecting closing of purchase transactions and resolutions. Resolutions discussed were primarily appraiser qualification requirements, transition from licensed to certified credentials, and AMC's. A brief summery; (1.) The Appraisal Foundation (TAF) and Appraisal Qualification Board (AQB) are very aware of the issues and are working on reforms to the qualification standards and licensure requirements. A second draft will be out soon (which occurred a couple of weeks later). Any changes to the qualification standards will take several years to implement.

(2.) AMC's continue to offer low fees and appraisers are refusing to accept them, creating a significant time gap between origination of the appraisal order and the lenders receipt of an appraisal. Also discussed was the fact that a number of appraisal orders are being passed through several AMC's looking for cheapest and fastest before finally being accepted by an appraiser. This in of itself significantly slows the lenders receipt of an appraisal. (3.) This is not a new scenario during summer months. Every summer appraisers receive extremely high appraisal demand because many of the consumers planning to buy a new home, do so over the summer, with the anticipation of the new school year in mind. I informed the task force that this happens to appraisers every year!

Also discussed was appraisers charging higher fees than in the past, which was thought by Realtors, to be an added burden on consumers. Appraisers mentioned that appraisal fees remained nearly even over a very long period with only about a 6% increase over the last 15-20 years. The introduction of many new AMC's further degraded appraiser compensation for mortgage transactions for several years after the inception of HVCC and Dodd-Frank. The panel was informed that with appraisers now saying no to low fees, increased regulatory demands, AMC scope creep, new demands from government agencies like FHA, and the fact that appraisers have seen little if any in the form of fee increases for decades that fee increases should be expected.

The bankers in the meeting discussed alternative valuation methods and their concepts of the future of valuations. This was not well received by Realtors or appraisers.

In the interest of time, this concluded the meeting and the rest of the agenda was not followed, including the review of the previously discussed draft. Following the meeting, Representative Pike and I had a brief side meeting in which she asked me if there were any immediate fixes to this problem, to which I responded, unfortunately not. AMC's are here for the long haul and any reform from TAF and the AQB will take years to implement.

Board comments: Margo states there is always appraisers that will take advantage of supply and demand. George has no issues with appraisers demanding higher fees. Penny stated that it is important we attend these meetings in order that we explain to those involved, what is really happening in the industry. She stated it was nice of TK to give us a heads up about this meeting.

Multi-State Appraiser Organization

Bob Mossuto is attending the Washington DC meeting in October, scheduled for October 20th. Requested Input. Was asked to publish the meeting agenda and Bob stated he would once he received the final agenda.

Appraisal Institute (AI) Meeting

Penny stated she was attending the AI meeting in conjunction to the network meeting. AI will be discussing local and national issues. Stated if anyone had comments or concerns, please pass to her.

Summer Conference

We had lots of great comments about the conference and the diversity of topics. Some comments: included: would like to see more commercial classes, pass out flyers with questioner in the classroom, adding a class on how to quantify fees, someone wants to see a class on regression analysis, a comment was made regarding having a fall or winter class or conference. Mike Kirchhoff offered a techniques for review class for next years conference. One person stated we should work on legislation for collection of fees which is something that Penny thinks we should talk about. George says we've talked about this, trying to get lien rights. Penny states that's been a dead issue for a long time. Penny says this is something we should talk about again with TK. Perhaps not lien rights but other methods of collection. Someone sent Penny a message stating Bill King should do an FHA class and Bill says he has an outline approved by the state that provides 7 hours of CE.

Margo has already booked us at the Tacoma location for next year. Penny has spoken to the events coordinator at the Hilton suites in Issaquah. It is a new facility, and has only been there for a year or two. Penny asked what we thought about the Issaquah location because it's on I 90, close to the pass. It's a newer facility and closer for people coming over the mountain. She doesn't have the numbers yet but the hotel assured her that the numbers wouldn't be too far off from the numbers provided by the Red Lion. She's encouraged that the Hilton could provide good catering and has a friendly staff. Penny thinks it's a good location.

Board members commented: George likes it. Kirk likes it. Bob doesn't like anything that's more than an hour away from Ocean Shores, but is open to whatever the board decides. George said everything in Wenatchee was great. Penny wonders if we would have issue with traffic. Probably no more than in Tacoma. George commented on traffic between Olympia and Tacoma. Doesn't think that traffic to be any worse in Issaquah than Tacoma. Margo says if it's a good place maybe we can do every third year.

Margo requested that Penny send her the list of comments from the conference.

NEW BUSINESS:

AMC Panel

Penny wants to know if anybody had time to think about it. Margo didn't know anything about it. Another state did this, believed to be Illinois. It is a panel of appraisers, lenders, and AMC representatives; all discussing issues and laws that affect appraiser changes that can be made that are good for all parties involved.

Further discussion - Jeff Bradford did an interesting presentation about core logic and with alternate appraisal methods using big data. We need to look forward to the next three or five years. Five years from now CoreLogic may be doing these reports and we might be working for CoreLogic doing inspections. So, we need to put something together, so people can talk about this. George stated the goings on at CoreLogic is something that we should know about. It's good to allow other people to vent their concerns because that allows us to know what we're up against. Someone stated it might also be a good idea to invite real estate agents. While steering is illegal, real estate agents do provide lender contact lists to borrowers when they discuss home loans. This would also give us the chance to explain the differences in fees between 1992 and 2016. Penny wants to know how we go about coming up with credible sources for this kind of panel. George says the first decision is whether or not we invite in writing. Penny is thinking more energetic and critical thinking needs to be involved before moving on. This is something Penny has been mulling around for a few months now, so if anybody has any suggestions, let her know. Illinois is so active that were not even in their league. Perhaps we can get some pointers from them.

George states; we need legislation that deals with helping appraisers collect fees? Collection ability is lean and/or collection issues that should be addressed. Margo says if we get some of the things in the bill for AMC payment that would probably help a lot. So perhaps the collection ability might go away.

Other Issues

Penny is attending the Sequim REAC meeting on November 18th and shall have information from that following the meeting. Penny Requested I send the previous meeting notes and the notes from the Wenatchee meeting out for approval at the next meeting.

A vote on paying TK's bill was conducted. Discussion - we have \$3,750 left on the invoice for the year. We have \$10,300 plus in the bank. We made \$3,600 on the conference. A motion was made to pay the entire bill, Bob Mossuto seconds. All were in favor. Motion passed.

Next Meeting

To be determined

Adjournment:

Penny moved to adjourn the meeting. The meeting adjourned at 6:50 PM.



Robert N. Mossuto Jr.
Secretary