

UTAH APPRAISER LICENSING AND CERTIFICATION BOARD
HEBER M WELLS BUILDING
Room 250
9:00 a.m.
July 28, 2021
Zoom

MINUTES

DIVISION STAFF PRESENT:

Jonathan Stewart, Division Director
Justin Barney, Hearing Officer
Joy Natale, Division Analyst
Mark Fagergren, Licensing & Education Director
Kadee Wright, Chief Investigator
Maelynn Valentine, Board Secretary
Laurel North, Investigator
Michael Genco, Licensing Specialist
Sydney Joy, Licensing Specialist

BOARD MEMBERS PRESENT:

Jeffrey T. Morley, Chair
Keven Ewell, Vice Chair
Kris Poulsen, Board Member
Ben Brown, Board Member
Rich Sloan, Board Member

The July 28, 2021 meeting of the Appraiser Licensing and Certification Board began at 9:01 a.m. with Chair Jeff Morley conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes –

A motion was made and seconded to approve the June 23, 2021 minutes. Chair Morley, Yes; Vice Chair Ewell, yes; Board Member Poulsen, yes; Board Member Brown, yes. The motion passes.

Public Comment Period

None

DIVISION REPORTS

ENFORCEMENT REPORT – Kadee Wright

Ms. Wright reported that in June the Division received three complaints, closed zero cases, leaving 23 appraisal cases open with the Division. There is one case pending with the AG's office.

EDUCATION AND LICENSING REPORT – Mark Fagergren

Mr. Fagergren reported that in the month of June there has been a slight increase in the number of appraiser trainees (10), along with the granting of (7) Certified General Licenses.

Mr. Fagergren reported there were nine candidates approved by both the education and experience review committees to sit for their corresponding exams.

- Deborah C. Collina; Approved to sit for the Licensed Appraiser exam.
- Deborah Nelson; Approved to sit for the Licensed Appraiser exam.
- Colin Arave; Approved to sit for the Licensed Appraiser exam.
- Jaxon Allen; Approved to sit for the Licensed Appraiser exam.
- Darcia E. Wentz; Approved to sit for the Certified Residential Appraiser Exam.
- Gary McBride; Approved to sit for the Licensed Appraiser exam.
- Chase M. Vernon; Approved to sit for the Licensed Appraiser exam.
- Nathan Kelly; Approved to sit for the Certified Residential Appraiser Exam.
- Matthew Porter; Approved to sit for the Licensed Appraiser exam.

Mr. Fagergren reported there were three candidates denied by the experience review committees to sit for the corresponding exam.

- Matthew M. Pulsipher; denied to sit for the Licensed Appraiser exam.
- Lee M. Wells; denied to sit for the Licensed Appraiser exam.
- Jennifer McKay; denied to sit for the Licensed Appraiser exam.

“Yes” answers of appraisers and an Appraisal Management Company that were approved by Division Representatives since our last Appraisal Board Meeting

- J. Martell Bodell II
- Nationwide Property & Appraisal Services, LLC
- Daniel Carlson

BOARD AND INDUSTRY REPORT- Justin Barney

Mr. Barney reported on the forms committee. The committee has met several times over the last few months and hopes to have something for the Commission to review in the near future. Mr. Barney reported that he is currently working on a proposed rule amendment regarding PARIA and will present that to the Board once it has been drafted for review.

Chair Morley opened the discussion on the Expansion of Supervisory Trainee Model. The discussion went into depth regarding the allowance of more than 3 trainees per supervisor. It was discussed that specific rules and guidelines be put into place across the board for supervisors the ability to train more than 3 trainees at one time. Vice-Chair Ewell suggested a primary supervisor and a secondary supervisor and keeping the number at 3 for each supervisor. It was discussed that in the next newsletter that there be a call to appraisers to have their names put on a list as a supervisor for appraiser

trainees. There was not a decision made on Expansion of Supervisory Trainee Model and the topic will be added to next month's agenda for further discussion.

Denny Lytle the Director of Property Tax Division for the Utah State Tax Commission addressed the Board regarding the issues that have come up with Centrally Assessed Administrative Rules. Assistant Director Lucas Henderson over centrally assessed will go over the presentation. Below is the Outline of the presentation.

- SAMPLE APPRAISAL REQUIREMENT
- FOR CENTRALLY ASSESSED STATE-LICENSED/STATE-CERTIFIED APPRAISER APPLICANTS
- Property Tax Division – Utah State Tax Commission
 - Presentation Road Map
 - Applicable Statutes and Administrative Rules
 - Brief Overview of Centrally Assessed Appraisal
 - Unit Appraisal vs. Traditional Real Estate Appraisal
 - Sample Appraisal Requirement
 - Challenges
 - Proposed Solution
 - Safeguards
 - Statutes and Administrative Rules*
 - Utah Code 59-2-701
 - Tax Commission Administrative Rule R884-24p-19
 - Require property tax employees who perform the valuations of specialized centrally assessed properties to hold various real estate appraisal registrations, licenses, and/or certificates issued through the Department of Commerce's Division of Real Estate.
 - Centrally Assessed vs Locally Assessed
 - Locally Assessed Property
 - Property valued by County Assessor
 - Locally assessed property includes traditional residential real property and all business, commercial, industrial property that is not specifically identified as being centrally assessed.
 - Examples: Houses, apartments, condos, hotels, warehouses, manufacturing/processing facilities, vacant land
 - Centrally Assessed Property
 - Specialized property valued by Property Tax Division per 59-2-201
 - Natural resources properties
 - Mining, Oil and Gas
 - Utilities & Transportation properties
 - Railroads, Pipelines, Electrics Utilities, Gas Utilities, Telecommunications
 - Usually special purpose properties
 - "Unit" Appraisals contain components of real and personal property
 - UNIT VALUATION

- Unit appraisal means valuing an integrated group of assets functioning as an economic unit as “one thing,” without reference to the independent value of the component parts.
- The value is then allocated to the State of Utah and apportioned to the individual counties.
- CENTRALLY ASSESSED EXPERTISE
- The appraisal techniques employed and required to accurately estimate the fair market value of these specialized properties are usually very different than those techniques used to value traditional residential or commercial real estate.
 - As a result, the experience and expertise that centrally assessed appraisers acquire on the job is primarily focused on these specialized properties rather than on traditional residential or commercial properties.
- Sample Appraisal Requirement “Mass Appraisers”
- Licensed Appraiser
- R162-2g-304d-5-d-i
 - Submit at least 5 appraisals
 - Must equal at least 65 experience hours
 - Must conform to USPAP Standards 1-2
- Certified General
- R162-2g-304d-5-d-iii
 - Submit at least 8 appraisals
 - Must equal at least 300 experience hours
 - Must conform to USPAP Standards 1-2
- Sample appraisal requirement
- Historical Requirement
- Centrally assessed appraiser candidates submitted USPAP-compliant, full narrative appraisal reports of centrally assessed/unit properties as sample appraisals.
- The submitted appraisals were sent to expert reviewers that specialize in unit appraisal to ensure compliance with USPAP.
- Recent New Requirement
- The Division of Real Estate recently changed its policy to require centrally assessed analysts to submit sample appraisals for traditional residential or commercial properties.
- This policy change has created significant administrative burdens and unnecessary barriers for qualified and competent centrally assessed property tax analysts to obtain these required licenses.
- Sample Appraisal challenges
- Utah Code 61-2g-313 describes sample appraisal reports as those “the applicant has prepared in the course of the applicant’s appraisal practice.”
 - While residential or commercial ad valorem “mass” appraisers can complete traditional sample appraisals in the normal course of their jobs, centrally assessed appraisers must do this in addition to their normal job duties.
- New requirement diverts a significant amount of time to activities that are not part of their normal job responsibilities.

- Leads to unnecessary barriers in the licensing process
- Delays progress in becoming experts in the specialized field of centrally assessed/unit valuation
- Centrally assessed trainees are supervised by competent, yet specialized Certified General appraiser supervisors.
 - Supervisors have extensive experience in unit valuation and in appraising specialized centrally assessed properties.
 - Supervisors usually have limited experience valuing traditional residential or commercial properties.
 - Centrally assessed trainees must attempt to find other certified appraisers that specialize in traditional residential and commercial appraisal to supervise them.
- New employees who are excited to become expert appraisers in our specialized field quickly get discouraged by the process which has led to extremely high turnover.
- To date, no Property Tax Division employee has received an appraiser license under the new sample appraisal requirements.
- PROPOSED SOLUTION
- Revert to the previous long-standing sample appraisal policy
 - Allow appraisal licensing candidates who specialize in centrally assessed properties and unit valuation to submit USPAP-compliant narrative sample appraisals that are reflective of the type of appraising that they actually perform “in the course of the applicant’s appraisal practice.”
 - Sample appraisals would still be subject to review for compliance with USPAP.
 - Rule change required?
 - We believe the previous policy complies with the current administrative rules.
 - A minor tweak to the Rule could help make the sample appraisal requirement even clearer.
- SAFEGUARDS IN PLACE
- **Education:** All appraiser licensing candidates are still subject to the Division of Real Estate’s rigorous education requirements
 - Regardless of appraisal specialty, all appraisal license candidates must demonstrate their general appraisal knowledge by taking and passing all required education courses and the comprehensive state licensing examinations.
- **Experience:** All appraiser licensing candidates would still be required to obtain a minimum number of experience hours in an appraisal field
 - Experience logs would still be kept and reviewed to ensure appraisal candidates have acquired sufficient experience in the appraisal field.
 - Sample appraisals would still be reviewed by expert reviewers competent in centrally assessed/unit valuations.
- **Testing:** All appraisal licensing candidates would still be required to pass the comprehensive state licensing examinations
- SAFEGUARDS IN PLACE

- Strong educational requirements, relevant experience, and testing are sufficient to ensure licensing candidates can demonstrate an understanding of the core concepts and broad general knowledge for many respected professions (CPAs, Lawyers, etc.) and they should also be sufficient for appraisers.
- An aspiring bankruptcy attorney must go to law school, pass bar exam, but is not required to spend time practicing family law, although the license would allow a competent attorney to practice family law.
- An aspiring tax accountant must receive an accounting degree, pass the CPA exam, but does not have to have experience working as an auditor, although the license would technically allow a competent CPA to work in auditing. A CPA candidate must have a minimum required amount of hours working under a CPA, but that work may be in a number of different accounting functions including work in auditing, taxation, financial statement preparation, etc.
- A licensed/certified appraiser candidate who specializes in traditional residential or commercial properties must fulfill the standard education, experience, and examination requirements to receive an appraiser license or certification, but does not have to have experience in every appraisal field such as specialized centrally assessed properties, although the license would allow a competent appraiser to appraise those properties.
 - SAFEGUARDS IN PLACE
- **USPAP:** Licensed and Certified appraisers must follow USPAP, including the Competency Rule
- Appraisers must withdraw from or decline an appraisal assignment for which they are not competent regardless if the appraiser holds the applicable appraisal license or certification to appraise a type of property.
- While a Certified appraiser who specializes in appraising traditional real estate properties holds the appropriate license to also appraise specialized centrally assessed properties, USPAP would preclude that appraiser from accepting the assignment unless the appraiser was competent or could become competent first.
- Similarly, a certified appraiser who holds the same license, but who specializes in centrally assessed properties, would not be able to appraise a traditional residential or commercial property unless they had or until they acquired the competency to do so.
- The Property Tax Division believes these safeguards are sufficient to ensure competency and to promote public trust.

This item will be added to next month's agenda for further discussion and recommendations on the issue.

Experience Review

Lee Wells

A motion was made and seconded to close the meeting for the sole purpose of discussing the character, professional competence or physical or mental health of an individual: Chair Morley, yes; Vice Chair Ewell, yes; Board Member Poulsen, yes; Board Member Brown, yes; Board member Sloan, yes. The motion passes.

CLOSED TO PUBLIC

An Executive Session was held.

OPEN TO PUBLIC

A motion was made and seconded to allow Lee Wells to sit for the licensed appraiser exam. Vote: Chair Morley, yes; Vice Chair Ewell, yes; Board Member Brown; yes; Board Member Sloan, yes. The motion passes.

A motion was made and seconded to adjourn the meeting. Vote: Chair Morley, yes; Vice Chair Ewell, yes; Board Member Poulsen, yes; Board Member Brown; yes; Board Member Sloan, yes. The motion passes. The meeting adjourned at approximately 12:31 p.m.