

MINUTES OF MEETING
OF
LOUISIANA REAL ESTATE APPRAISERS BOARD

March 16, 2015

The Louisiana Real Estate Appraisers Board held its regular business meeting on Monday, March 16, 2015, at 9:00 a.m., at 9071 Interline Avenue, Baton Rouge, Louisiana, according to regular call, of which all members of the board were duly notified, at which meeting the following members were present:

BOARD

Roland M. Hall, Sr., Chairman
Leonard E. "Pete" Pauley, Jr., Vice Chairman
Gayle A. Boudousquie, Secretary
Clay F. Lipscomb
Gary S. Littlefield
Tommie E. McMorris, Sr.

STAFF

Bruce Unangst, Executive Director
Arlene Edwards, Legal Counsel
Anne Brassett
Mark Gremillion
Robert Maynor
Summer Mire
Ryan Shaw
Marsha Stafford
Henk VanDuyvendijk
Jenny Yu

GUESTS

Stephen Cannon
Heidi Lee, Former REAB Member, Certified General Appraiser #G862
Joe Mier, Independent Fee Appraiser, Certified Residential Appraiser #R1016
Rebecca Smith, Adams and Reese, LLP
Tim Theriot, Certified Residential Appraiser #R3864

Board members Mike Graham and Butch Landry were unable to attend the meeting.

Call to Order

Chairman Hall called the meeting to order and led the Invocation. Vice Chairman Pauley led the Pledge of Allegiance. On motion made by Mr. Pauley and seconded by Mr. Littlefield, the minutes of the December 15, 2014 meeting were unanimously approved as written and circulated.

Budget Report

Ms. Yu provided the budget report for the period ending February 28, 2015 (*See Attachment A*). Revenue is up by \$25,000 due to AMC renewals. Personnel services have increased by \$6,000 due to retirement costs and merit increases, and travel expenses are up by \$6,000 based on staff attending appraisal regulatory conferences and investigative training seminars. Overall, the budget is in good shape and we have finished in the black once again.

Director's Report

Director Unangst asked Joe Mier, President of the Louisiana Appraisers Coalition, to provide an overview of proposed AMC legislation (*See Attachment B*). Mr. Mier advised that the first bill would provide transparency to all parties involved and require AMCs to set up a separate account, similar to a broker's escrow account, in which to place all appraisal fees collected from their bank clients, but not yet disbursed to the appraisers. Ms. Edwards recommended that the Board engage the services of a bankruptcy attorney to obtain a legal opinion as to where appraisers fall in line relative to federal law. Mr. Pauley made motion, seconded by Mr. McMorris, to authorize Ms. Edwards to procure this information and report back to the Board. Motion passed without opposition.

Unfinished Business

Ms. Lee provided an update on development of the continuing education course she is writing for the Board. She is still in the midst of creating the course, which deals with conduct of ethics for Certified Residential and Certified General appraisers. Ms. Lee suggested that the Board may wish to consider offering webinars in the future that fine-tune various conduct issues. One class, in particular, that she strongly recommends for real estate licensees and appraisers is Cheryl Bella's course, "How to Measure a House." Vice Chairman Pauley likes the idea of webinars, noting that Ms. Bella's course could likely be condensed from its current four hours in length to two hours. Mr. Gremillion will assist Ms. Lee, who will serve as "point person" for putting together additional webinar topics. Director Unangst advised that the agency has engaged ShareVista for a total upgrade of our in-house software system. This will greatly expand current capabilities and make the availability of webinars a reality.

Director Unangst advised that there are several open AMC investigations, with the first formal hearing scheduled for June 4, 2015. The hearing will be open territory for the Board and likely one of the few, to date, held in the country. Noting her qualifications and expertise, Director Unangst approached Ms. Lee, who has agreed to assist with the adjudication process. Mr. Pauley made motion, seconded by Mr. Lipscomb, to approve the Professional Services Contract for Ms. Lee (*See Attachment C*). Motion passed by unanimous vote.

New Business

Mr. McMorris has an issue with Collateral Underwriter guidelines that he wishes to address. On motion made by Mr. Pauley and seconded by Ms. Boudousquie, the Board unanimously agreed to add this item under New Business for discussion.

The Collateral Underwriter (CU) is a proprietary model-driven tool developed by Fannie Mae that provides an automated appraisal risk assessment tool for lenders. Newly available this year, Mr. McMorris noted that a majority of lenders are choosing to use this voluntary service, which can adversely affect appraisers. For example, an appraiser performs an appraisal on a property, citing the square footage at 2,400 feet and the construction quality as "good". An appraisal report dated a year earlier on that same erroneously lists the square footage as 2,150 feet with construction quality as "fair". The appraiser who performed the most recent appraisal is unfairly graded (CU grades on a scale of 1-5), and removed from the lender's list when, in fact, his data was accurate. Mr. VanDuyvendijk feels the problem lies with the federal government having all the necessary data, and not sharing it with appraisers. Mr. Mier advised that the Appraisal Institute and the Louisiana Appraisers Coalition are currently fighting this issue. Ms. Lee noted that USPAP states that "an appraisal is an opinion..." Trying to interject "market information" into the data will impair appraiser independence.

Mr. McMorris lives in a rural parish and may have to travel to find comparables. He wants consideration of higher fees for rural appraisers. Director Unangst advised there are provisions in the law and rules that address this issue, and it is up to the appraiser to advise his client that the appraisal fee includes payment for mileage.

Mr. McMorris made motion, seconded by Vice Chairman Pauley, to approve Ross Shuffield as instructor of this year's "7-Hour USPAP Update" series, to be offered in four (4) locations throughout the state, and defer to staff for scheduling. Motion passed by unanimous vote.

There being no additional items to discuss, the meeting was adjourned on motion made by Mr. McMorris and seconded by Mr. Pauley.

Roland M. Hall, Sr., Chairman

Gayle A. Boudousquie, Secretary