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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS

F I N A L M I N U T E S

MEETING OF:

**STATE BOARD OF CERTIFIED
REAL ESTATE APPRAISERS**

TIME: 10:30 A.M.

Held at

PENNSYLVANIA DEPARTMENT OF STATE

2525 North 7th Street

CoPA HUB, Eaton Conference Room

Harrisburg, Pennsylvania 17110

as well as

VIA MICROSOFT TEAMS

Thursday, February 29, 2024

State Board of Certified
Real Estate Appraisers
February 29, 2024

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ALSO PRESENT: (cont.)

- Chandra Mast, General Commercial Appraiser, Red Rose Appraisals
- Sarah Whyler, Certified Residential Appraiser & Realtor/Appraisal Coordinator, Charles E. Brown Real Estate, LLC & Brown Appraisers, LLC
- Randy Waggoner, CPE, Assessors' Association of Pennsylvania/Chief Assessor, Perry County
- Emme Reiser, Political Programs Manager, Pennsylvania Association of Realtors
- Teresa Cochran, Executive Director, Assessors' Association of Pennsylvania
- Carmine Bellini, Owner/Agent, Whyte/Stone Realty LLC
- Tracy Francesca
- Tyler Satterfield, SRA, R/W-AC, President, Vista Realty Services Inc., Certified General Real Estate Appraiser
- Derek Richmond

1 ***

2 State Board of Certified
3 Real Estate Appraisers
4 February 29, 2024

5 ***

6 [Pursuant to Section 708(a)(5) of the Sunshine Act,
7 at 9:00 a.m. the Board entered into Executive Session
8 with Ronald K. Rouse, Esquire, Board Counsel, to have
9 attorney-client consultations and for the purpose of
10 conducting quasi-judicial deliberations. The Board
11 returned to open session at 10:30 a.m.]

12 ***

13 [Ronald K. Rouse, Esquire, Board Counsel, informed
14 everyone that the meeting of the State Board of
15 Certified Real Estate Appraisers was being held in a
16 hybrid format, in person and by livestreaming
17 teleconference, pursuant to Act 100 of 2021, which
18 requires boards to use a virtual platform to conduct
19 business when a public meeting is held.

20 Mr. Rouse also noted the Board entered into
21 Executive Session with Board Counsel to have
22 attorney-client consultations and for the purpose of
23 conducting quasi-judicial deliberations.]

24 ***

25 The regularly scheduled meeting of the State

1 Board of Certified Real Estate Appraisers was held on
2 Thursday, February 29, 2024. Mark V. Smeltzer Sr.,
3 Chairman, Professional Member, officially called the
4 meeting to order at 10:30 a.m.

5 ***

6 Roll Call

7 [Mark V. Smeltzer Sr., Chairman, Professional Member,
8 requested a roll call of Board members. There was a
9 quorum.]

10 ***

11 Introduction of Attendees

12 [Mark V. Smeltzer Sr., Chairman, Professional Member,
13 also requested an introduction of attendees. Meeting
14 attendees were announced.]

15 ***

16 Approval of minutes of the January 18, 2023 meeting

17 CHAIRMAN SMELTZER:

18 Any comments on the minutes. Has
19 everyone had a chance to look them
20 over? Any questions?

21 Can I get a motion?

22 MR. AUSERMAN:

23 I make a motion that the minutes be
24 approved.

25 MR. STOERRLE:

1 I second that.

2 CHAIRMAN SMELTZER:

3 Roll call vote.

4

5 Mark Smeltzer, aye; William Stoerrle,
6 aye; Michael McFarlane, abstain; John
7 Ausherman, aye; Martha Brown, aye; Paul
8 Edger, aye; Paul Wentzel, aye.

9 [The motion carried. Michael McFarlane abstained
10 from voting on the motion.]

11

12 Report of Prosecutorial Division

13 [Timothy A. Fritsch, Esquire, Board Prosecutor,
14 presented the Consent Agreement and Order for Case
15 Nos. 23-70-001851, 23-70-002005, & 23-70-002006.

16 Chair Smeltzer asked whether there had been more
17 investigations into the use of code words and pretext
18 other than Fannie Mae's review.

19 Mr. Michalowski explained that Mr. Fritsch
20 reviews all of the violations that go fully before
21 the Board, and he handles all of prereviews. He
22 mentioned it was one of their first sets from Fannie
23 Mae. He stated there were Fannie Mae complaints and
24 not complaints by a consumer. He did not believe
25 there are any mortgages that were affected by this.

1 He noted Fannie Mae spotted all three of those and
2 sent them over.

3 Mr. Michalowski stated the ones received
4 subsequently have been similar to what he reported to
5 the Board previously. He explained that most of them
6 are code words that tend to be innocent in their
7 usage and just taken out of context. He reported
8 maybe 20% are received that way and reviewed as a
9 group.

10 Mr. Michalowski mentioned that he reviews them
11 with Ms. Zukoski and Mr. Fritsch, and some of them
12 can be closed very easily. He reported about 10%
13 involve crime statistics and are sent to a Bureau of
14 Enforcement and Investigation (BEI) agent for
15 discussion. He noted many crime statistics are often
16 8 to 10 years old. He mentioned noticing a big
17 conflict between lenders who do not want them sent
18 and the people who are sending them.

19 Mr. Michalowski mentioned that this is the only
20 one that has come out of all of those, noting it to
21 be immediately concerning and having issues. He also
22 mentioned receiving two or three from Freddie Mac.

23 Chair Smeltzer commented that it affects both
24 residential and commercial appraisers and asked
25 whether anything has been seen on the commercial

1 side.

2 Mr. Michalowski stated gentrification seems to be
3 the biggest term issue on the residential and
4 commercial side, where they have to read the entire
5 report in context because they are Fannie Mae and
6 Freddie Mac reports. He mentioned it also comes up
7 most often in the commercial area.]

8 ***

9 CHAIRMAN SMELTZER:

10 I think that we would entertain a
11 motion to adopt the Consent Agreement.

12 MR. STOERRLE:

13 I make a motion to accept.

14 MR. AUSERMAN:

15 I second.

16 MS. HENNESSY HEMLER:

17 I'll call the voting.

18
19 Mark Smeltzer, aye; William Stoerrle,
20 aye; Michael McFarlane, aye; John
21 Ausherman, aye; Martha Brown, aye; Paul
22 Edger, aye; Paul Wentzel, aye.

23 [The motion carried unanimously. This is the Matter
24 of Raymond Reile Redner, Case Nos. 23-70-001851, 23-
25 70-002005, & 23-70-002006.]

1 ***

2 [Michael McFarlane, Secretary, asked whether the
3 lender will be required to address certain topics in
4 some cases.

5 Mr. Michalowski explained that appraiser bias is
6 a bigger symptom of lender bias, noting redlining
7 came from the lending side of things. He mentioned
8 there were a few appraisal-bias cases when he studied
9 cases with the Pennsylvania Human Relations
10 Commission (PHRC), but the cases that got huge
11 settlements had been with lenders.

12 Mr. Michalowski stated lenders are very conscious
13 of appraiser bias, because banks do not want to be
14 accused of making a lending decision based on bias
15 and are reporting those. He also mentioned there is
16 no need to put social commentary in an appraisal.]

17 ***

18 Report of Board Counsel - Miscellaneous

19 [Ronald K. Rouse, Esquire, Board Counsel, addressed
20 the update of the 2024 priorities of the Appraisal
21 Standards Board (ASB) and the Appraiser
22 Qualifications Board (AQB). He stated ASB
23 will be focusing on drafting guidance on appraisal
24 issues in 2024. He reported that four Q&As have been
25 issued on the use of demographics and crime rates in

1 appraisal reports, the use of artificial intelligence
2 in appraisal reports, and personal inspection as
3 performed as part of the scope of work of an
4 assignment. He noted a copy of the Q&As can be found
5 on The Appraisal Foundation's website.

6 Mr. Rouse informed Board members that AQB will
7 focus on conducting a comprehensive review of the
8 education and experience requirements for entry into
9 the appraisal profession in 2024. He stated the AQB
10 plans to work on reassessing the college-degree
11 requirement and review whether other professions have
12 related skills that can count toward meeting the
13 qualifying education requirement for entry into the
14 appraisal profession.

15 Mr. Rouse stated the AQB will also consider
16 whether there are alternative pathways to fulfilling
17 the experience requirement and also assess the
18 concept of a super exam. He announced that the next
19 virtual meeting of the Appraiser Qualifications Board
20 will be held on March 28, 2024, at 1 p.m., and
21 registration can be made on The Appraisal
22 Foundation's website.

23 Mr. Rouse noted two approved programs concerning
24 the Practical Applications of Real Estate Appraisal
25 (PAREA), including the Appraisal Institute's Licensed

1 Residential PAREA Program and the Appraisal
2 Institute's Certified Residential PAREA Program.

3 Mr. Rouse reported five providers are actively
4 developing PAREA programs, and The Appraisal
5 Foundation's informal tracking shows that 47 states
6 and the District of Columbia have indicated that
7 PAREA will be acceptable in fulfilling the experience
8 requirement and are either going through the process
9 or have gone through the process of changing either
10 their statute or their regulations for this. He
11 noted Nevada, Georgia, and New York are still
12 discussing PAREA.]

13 ***

14 Regulations/Statute - Regulatory Report
15 [Ronald K. Rouse, Esquire, Board Counsel, provided a
16 copy of the Regulatory Report for the Board's
17 review.]

18 ***

19 Regulations/Statute - Regulation 16A-7025 Fees
20 [Ronald K. Rouse, Esquire, Board Counsel, noted the
21 Bureau of Finance and Operations (BFO) will be
22 providing a report at 11 a.m. regarding the proposed
23 fee package.]

24 ***

25 Regulations/Statute - Regulation 16A-7029 Distance

1 Education and PAREA

2 [Ronald K. Rouse, Esquire, Board Counsel, informed
3 Board members of his work on drafting the distance
4 education and PAREA package.

5 Mr. Rouse is finalizing responses to PAREA and
6 will soon be providing those to the main office.

7 Chair Smeltzer commented that the Board has done
8 everything it can to have PAREA move forward and
9 thanked Mr. Rouse for his efforts.]

10 ***

11 Regulations/Statute - Regulation 16A-7031 Federally
12 Mandated Revisions

13 [Ronald K. Rouse, Esquire, Board Counsel, addressed
14 16A-7031 regarding federally-mandated revisions. He
15 noted the final-omitted package was presented to the
16 Board at the last meeting, but an issue with the
17 appraisal management company (AMC) part of that
18 regulation was noticed regarding AMC ownership
19 limitations. He stated the regulation, as initially
20 drafted, addressed the issue of limitations of key
21 persons and owners as opposed to just dealing with
22 the issue of the limitations on owners, which is the
23 federal requirement.

24 Mr. Rouse explained that the package was
25 withdrawn and amended to separate out key persons

1 from owners. He provided a copy of the amended
2 regulation at 16A-7031 for the Board's review and
3 asked for a motion to adopt the final-omitted
4 package.

5 Chair Smeltzer commented that the regulation was
6 grouped together with two other items and asked that
7 the other items be identified.

8 Mr. Rouse explained that there were three main
9 issues that the final-omitted package had to address,
10 including the issue of valuation bias and fair
11 housing laws and regulations for appraisers, the
12 change of the name of the Uniform Standards of
13 Professional Appraiser Practice (USPAP) Update Course
14 to the USPAP Continuing Education Course, and
15 limitations on owners of AMCs.]

16 CHAIRMAN SMELTZER:

17 Can we have a motion to adopt?

18 MR. AUSERMAN:

19 I so move.

20 MR. MCFARLANE:

21 I second.

22 MS. HENNESSY HEMLER:

23 Roll call vote.

24

25 Mark Smeltzer, aye; William Stoerrle,

1 aye; Michael McFarlane, aye; John
2 Ausherman, aye; Martha Brown, aye; Paul
3 Edger, aye; Paul Wentzel, aye.

4 [The motion carried unanimously.]

5 ***

6 [Ronald K. Rouse, Esquire, Board Counsel, informed
7 Board members of waiting on authorization to
8 redeliver the package.]

9 ***

10 Regulations/Statute - Regulation 16A-7032 Continuing
11 Education for Certified Pennsylvania Evaluators
12 [Ronald K. Rouse, Esquire, Board Counsel, addressed
13 16A-7032 regarding continuing education for certified
14 Pennsylvania evaluators. He noted the Board adopted
15 the annex and provided a copy of the preamble
16 explaining why the Board wanted to have valuation
17 bias and fair housing laws and regulations as a part
18 of continuing education for certified Pennsylvania
19 evaluators (CPEs). He mentioned it also discusses
20 concerns that were expressed by the Assessors'
21 Association of Pennsylvania (AAP) and their
22 acknowledgement of the value of valuation bias
23 training for CPEs.]

24 MR. ROUSE:

25 Would the Chair entertain a motion to

1 adopt the preamble for Regulation 16A-
2 7032 and direct Board Counsel to
3 continue with the regulatory process?

4 CHAIRMAN SMELTZER:

5 The Chair would entertain a motion.

6 MR. MCFARLANE:

7 So moved.

8 MR. EDGER:

9 I'll second.

10 MS. HENNESSY HEMLER:

11 Roll call vote.

12

13 Mark Smeltzer, aye; William Stoerrle,
14 aye; Michael McFarlane, aye; John
15 Ausherman, aye; Martha Brown, aye; Paul
16 Edger, aye; Paul Wentzel, aye.

17 [The motion carried unanimously.]

18

19 Appointment - Bureau of Finance and Operations

20 Proposed Fee Package Presentation

21 [Amanda Richards, Chief of Fiscal Management, Bureau
22 of Finance and Operations, Department of State,
23 informed Board members that BFO reviews items on a
24 biennial basis when deciding whether a board needs a
25 fee increase or not and whether the expenses are

1 exceeding the revenue. She referred to the biennial
2 revenue, projected expenses, and the difference
3 between the two at -\$269,000.

4 Ms. Richards addressed the licensee population,
5 noting the Board renews in June of odd years and
6 would be FY20-21 and FY22-23. She noted the current
7 licensee population is 4,145, which is a 10% decrease
8 from last fiscal year. She reported it has been
9 decreasing every nonrenewal year, but that is not too
10 different from the last nonrenewal in FY21-22.

11 Mr. Rouse noted prior Board discussion, where
12 licensed appraiser trainees had their applications
13 approved as certified residential appraisers, however
14 their appraiser trainee license remained active and
15 created a double count. He reported the issue has
16 been fixed, and the numbers reflect the corrected
17 count for FY23-24.

18 Chair Smeltzer pointed out that the biggest
19 concerning number is the licensed appraiser trainee
20 number that has a 27% drop and indicates they are not
21 bringing people into the industry.

22 Mr. Rouse mentioned that the Board had
23 discussions concerning a 10% drop in the licensee
24 population due to the aging of the profession.

25 Mr. McFarlane commented that the long-range

1 projection for the industry in general has not
2 changed, because the last publication from the
3 Appraisal Institute in 2023 suggested that
4 approximately 70% of the industry places appraisers
5 over the age of 50, noting an expectancy for the
6 trend to continue downward.

7 Mr. Ausherman noted the importance of also
8 looking at the state of the industry, where there is
9 becoming less and less of a demand for residential
10 appraisers. He noted Fannie Mae and Freddie Mac are
11 going to data collectors, and appraisal fees are
12 probably very similar to 20 years ago. He mentioned
13 that interest rates are currently around 7% and
14 suggested looking at 2025 to see what the renewals
15 are at that point.

16 Ms. Richards addressed Board expenses, noting a
17 spike in expenses in FY18-19, a decrease over the
18 next few years, and then an increase again in FY22-
19 23. She reported an increase in administration costs
20 and Board member expenses. She also reported a drop
21 in prosecution costs from FY21-22 but a rise in
22 counsel costs for FY22-23.

23 Mr. Ausherman mentioned that expenses were lower
24 during the COVID years when there was no travel.

25 Ms. Brown commented that the Board member

1 expenses include conferences, noting the Board has
2 made concerted efforts to be involved in the
3 Association of Appraiser Regulatory Officials (AARO)
4 and national organizations.

5 Mr. Ausherman asked how the actual expenses
6 relate to what the budget is for expenses, noting
7 they were always under the budgeted amount.

8 Ms. Richards noted the budget is \$25,000 for
9 Board member expenses and currently at \$25,502.56.
10 She addressed revenue, again noting BFO needs to look
11 at whether expenses are starting to exceed revenue
12 when determining fee increases. She referred to
13 FY19-20 and FY20-21 when expenses are starting to
14 exceed revenue, noting it has continued to climb in
15 the last biennial renewal.

16 Jacqueline A. Wolfgang, Esquire, Regulatory
17 Counsel, referred to FY21-22 under actual revenue,
18 noting the revenue coming in for renewals was \$54,000
19 and seems really different from prior nonrenewal
20 years. She requested information as to why that
21 amount decreased in that time frame.

22 Ms. Richards noted being unable to provide the
23 information because she only sees the numbers
24 processed by revenue at that time.

25 Chair Smeltzer recommended being able to see two

1 fiscal years combined to get the totals, because
2 their expenses do not change that much but income
3 goes up and down depending on whether or not it is a
4 renewal year. He mentioned the Board will always
5 fall short in a nonrenewal year and look great in a
6 renewal year.

7 Ms. Richards offered to look into whether they
8 can find the information for Ms. Wolfgang, again
9 noting it is all processing of the revenue and the
10 applications.

11 Ms. Hennessy Hemler asked whether renewals on the
12 nonrenewal years would be considered reactivations.

13 Ms. Richards noted that some of them would be
14 reactivations and assumed that the others would be
15 people who had a temporary license and then got their
16 renewal or started to pay their biennial renewal
17 fees.

18 Ms. Hennessy Hemler commented that she did not
19 have the numbers but is curious to find out why there
20 was such a significant drop. She did not believe it
21 had anything to do with the licensed appraiser
22 trainee issue because that was just a very small
23 portion of revenue.

24 Ms. Richards offered to look into why it is so
25 low.

1 Ms. Richards stated revenue would continue to
2 drop each biennial year if the Board does not
3 increase any fees for renewals or applications, and
4 they would be operating in a deficit by FY27-28,
5 which would continue to grow going out the next two
6 renewal periods.

7 Ms. Richards addressed application fees, noting
8 BFO works with the Bureau of Professional and
9 Occupational Affairs (BPOA) and Ms. Hennessy Hemler
10 to determine how much time is spent to complete an
11 application from beginning to end. She mentioned BFO
12 also takes contractual changes into consideration
13 that may affect staff and then come up with a number
14 on what it actually costs to process the application.

15 Ms. Richards reported that it currently costs
16 about \$90 to process an application for the Board,
17 which would have to go into effect for FY26-27 and
18 FY27-28 for all applications except appraisal
19 management companies. She mentioned that just the
20 application fee does not change the projections going
21 forward, and the Board is still going to be operating
22 in a deficit.

23 Mr. Rouse commented that the proposed application
24 fee increase would start with FY26-27 for certified
25 residential appraisers at \$90 and then \$94 in the

1 next biennial period starting with FY28.

2 Ms. Richards explained the increase to be
3 contractual raises for staff, where each year it will
4 increase for three renewal periods.

5 Chair Smeltzer commented that the increase in
6 fees is for everything except the appraisal
7 management companies and asked why everyone is not
8 going up to the same rate.

9 Ms. Hennessy Hemler explained that an increase
10 could not be justified, because the AMC applications
11 are online.

12 Mr. Michalowski noted the discussion is about
13 applications and not renewals, which are cost-based
14 applications versus funding-the-Board-based
15 applications.

16 Ms. Wolfgang asked how that translates
17 differently for AMCs compared to other professions
18 when it takes quite a bit of effort by staff and
19 expenses to review those online applications.

20 Ms. Richards was unaware of the difference or
21 what goes into the processing of an application,
22 noting that would be more Board admin-related.

23 Mr. Rouse commented that just increasing the
24 application fee is not going to get the Board in the
25 black.

1 Ms. Richards addressed the application fee
2 increase and the cost of bringing the Board into a
3 positive balance. She recommended a 16% increase
4 effective June 2027 but also noted a possible 5%
5 decrease in the license count for the next three
6 years and wanted to capture that to give the correct
7 rate increase.

8 Ms. Richards provided increases for FY26-27,
9 noting the residential appraiser would be \$261;
10 certified general appraiser, \$261, along with the
11 certified Pennsylvania evaluator; certified
12 broker/appraiser, \$261; appraisal management company,
13 \$1,160; and the licensed appraiser trainee, \$174.
14 She also reported incremental increases going forward
15 until FY30-31 and FY31-32 when expenses and revenue
16 are starting to level out and become balanced.

17 Chair Smeltzer referred to the 5% decrease,
18 noting it to be a great projection but expressed
19 concern with the state of the industry and suggesting
20 to find out what kind of decrease to anticipate. He
21 mentioned the 5% decrease may be low, noting the
22 industry changed since 2021 and 2022 when the rates
23 more than doubled and the demand for appraiser
24 services came down.

25 Mr. Ausherman agreed with Chair Smeltzer and

1 believed 5% may be low, especially with the aging
2 population in the industry and less demand for
3 residential appraisals.

4 Chair Smeltzer suggested increasing the rate to
5 6% or 7% and look at the 2007 through 2011 time
6 period to review the changes because there was a
7 falling out of appraisers during the mortgage crisis,
8 which may be more indicative of the trend over the
9 next few years.

10 Mr. Rouse referred to the 16% increase for the
11 biennial renewals as well as the application fee
12 increase. He noted the first renewal period in FY26-
13 27 to FY27-28, where the increase would be
14 instituted, and asked whether there was a way that
15 the projected final number for FY27-28 could be
16 something above a negative number because the Board
17 will still be in the red by \$41,560.39 at the end of
18 that period.

19 Ms. Richards explained that only an increase in
20 the fees even more or an increase in licensee
21 population would change that negative number.

22 Mr. Ausherman mentioned that he would also like
23 to examine the fees AMCs are paying with the reduced
24 work being sent to appraisers when their fees are
25 staying the same. He mentioned that the AMCs

1 increase should possibly be greater than the
2 appraiser, because they are moving to hybrid and
3 other models, which are pretty much diminishing the
4 residential appraiser but still charging their client
5 possibly the same amount of money.

6 Mr. McFarlane commented that the percentage of
7 the market or industry AMCs control relative to the
8 fees paid is certainly polluted when compared against
9 individual appraiser or individual licensees. He
10 mentioned there was also a state comparison in
11 Pennsylvania, so far as the fees being charged was on
12 the lower side.

13 Mr. Michalowski mentioned that there were a lot
14 of small AMCs initially, but now there is a lesser
15 AMC population. They have merged and consolidated all
16 the smaller ones. He noted the same fee is being
17 charged to people that had much smaller appraiser
18 rosters to ones that are dominating the industry.
19 He thinks these circumstances make the question,
20 "whether that is fair to the individual appraisers or
21 individual licensee," because the amount of money
22 being paid for a renewal is disproportionate,
23 relative or comparative to AMC.

24 Mr. Rouse noted the Board to be recommending to
25 increase the biennial renewal fees for AMCs.

1 Ms. Wolfgang noted the importance of looking at
2 licensees on an equal basis to see how to divide up
3 their portion of responsibility for paying BPOA
4 expenses. She mentioned that the Board previously
5 took into consideration that licensed appraiser
6 trainees are in a different situation than
7 appraisers, and IRRC approved that regulation. She
8 cautioned the Board on focusing on AMCs as compared
9 to other individual licensees, noting it could be
10 part of their analysis but not the only thing.

11 Ms. Wolfgang referred to Mr. Rouse's point of
12 looking at FY26-27 and FY27-28, noting the reason the
13 Board is not getting enough revenue to get out of the
14 hole is because the Practice Act requires the Board
15 to do an increase when the expenditures outpace the
16 revenues. She stated the increase being proposed in
17 the first renewal period does not get them in
18 compliance with the law, because they would not be
19 bringing in sufficient revenue to cover expenses.

20 Ms. Wolfgang informed Board members that the
21 Board could move forward and see what happens, but
22 that it may be flagged by the Office of Attorney
23 General or through IRRC due to not meeting the legal
24 requirement to cover expenditures.

25 Chair Smeltzer pointed out that there are only

1 137 AMC's and raising their fee is not going to have a
2 big effect. He referred to enforcement, noting the
3 Board does not have a lot of cases with appraisal
4 management companies but do refer cases to the Board.

5 Mr. Michalowski noted a few AMC lapsed licenses
6 cases, and they would be less onerous than before
7 with the changes being made. He reported seeing a
8 more professional sort of AMC with the decreased
9 number. He mentioned that AMC's are a source of legal
10 work, because they are required by law to submit
11 appraisal lender review when problems are identified.

12 Ms. Wolfgang commented that changing the numbers
13 would not increase the renewal fees much because it
14 would be about \$41,000 spread across all licensees.
15 She also mentioned the issue of initial application
16 of the AMC that would not be increasing and asked the
17 Board administrator for clarification.

18 Ms. Hennessy Hemler and Ms. Richards discussed
19 the issue and felt the application should remain the
20 same, because it is an online application that
21 requires less work, and the amount of money cannot be
22 increased without justification. She reported
23 receiving only one or two new AMC applications a
24 year, because they are mainly renewing at this point.

25 Mr. Michalowski asked whether fees still have to

1 be collected and passed to the feds.

2 Ms. Hennessy Hemler explained that national
3 registry fees are not included in this. She further
4 explained that the online application now calculates
5 everything. She further explained that in the off
6 year it is an online application as well, where an
7 application is completed and it calculates the
8 percentages of monies to be collected, which goes
9 into a banking account. She mentioned there is no
10 application fee for the off year.

11 Mr. Michalowski commented that work is being done
12 for the agency because of the requirement to collect
13 fees to be passed to the federal agency in the off
14 years. He noted it is consuming Board time and not
15 really an application fee, but is a collection based
16 on the fact that the feds want their money every
17 year.

18 Mr. Ausherman commented that all rates should be
19 raised 16% to be totally consistent across the board.

20 Chair Smeltzer agreed because there will probably
21 only be one or two AMCs a year.

22 Ms. Hennessy Hemler noted rarely getting an
23 initial AMC application. When she and Ms. Richards
24 were working on the fee schedule and reviewing
25 everything for the AMC, with the amount of work that

1 goes into it, it would be significantly lower than
2 \$2,000 for the initial application.

3 Mr. Michalowski stated application fees are based
4 on the cost to do them, and the function of renewal
5 fees is to fund the Board. He noted the Board has to
6 recover costs for applications by law, and renewal
7 fees is structuring the Board in a way that
8 functionally funds itself and the activities of the
9 Board.

10 Mr. Michalowski noted why the applications are
11 less expensive for AMCs, because they have to go
12 through the files and review for the appraiser. He
13 mentioned that agencies create work for the Board and
14 costs for the Board by sending the complaints and
15 actions the Board does to collect the money.

16 Chair Smeltzer referred to prior Board discussion
17 concerning a higher increase for the appraisal
18 management companies but were told they cannot treat
19 one group different than the other. He noted they
20 are treating them differently on the initial
21 application where their fee is not increasing and was
22 not based on the expenses. He mentioned getting a
23 number of complaints coming from appraisal management
24 companies, which increases their costs, noting the
25 proliferation of alternative valuation products that

1 they would fall under would also increase costs.

2 Chair Smeltzer was not sure why their fee stays
3 flat for initial applications or why their renewal
4 fee cannot be changed differently than the appraisers
5 and licensed trainees' percentage changes.

6 Mr. Michalowski suggested looking at other states
7 and developing a supported reason as to why the
8 increase is greater for them. He mentioned handling
9 a larger number of appraisers than before, so their
10 work has increased more than before per licensee.

11 Chair Smeltzer mentioned that a high renewal fee
12 for AMCs might be something that may be justified and
13 believed they were one of the lower ones when they
14 examined what other states were charging.

15 Mr. Ausherman stated part of the issue is an
16 appraisal management company will hire a data
17 collector who is not a licensed individual and then
18 send the appraiser all the information on the
19 property for the appraiser to complete the report.
20 He noted they will be seeing a lot more of those,
21 where the appraiser will collect maybe \$150 for a
22 \$400 appraisal.

23 Mr. Ausherman expressed concern with putting all
24 of the expenses on the back of the appraiser. He
25 stated the appraisal management company is not going

1 to be getting less money for that appraisal. He also
2 expressed a concern with the AMC paying the data
3 collector who is not paying the state.

4 Mr. Rouse referred to the Real Estate Appraisers
5 Certification Act, Section 9(a), where all fees
6 established pursuant to this act shall be fixed by
7 the Board by regulation and shall be subject to the
8 act of June 25, 1982, known as the Regulatory Review
9 Act. If the revenues raised by fees, fines, and
10 civil penalties imposed pursuant to this act are not
11 sufficient to meet expenditures over a two-year
12 period, the Board shall increase those fees by
13 regulation, so that the projected revenues will meet
14 or exceed projected expenditures.

15 Mr. Rouse noted concern with the first renewal
16 period, where it does not appear that revenues will
17 meet or exceed projected expenditures.

18 Ms. Wolfgang asked whether there was a particular
19 reason why Ms. Richards did not draft the fees in a
20 way where the Board would meet its expenditures.

21 Ms. Richards explained that the numbers are
22 starting to come up by the second renewal period, and
23 they were trying to not create a burden or a big
24 excess amount of money sitting in that bottom line
25 and putting too much of a burden on the licensee.

1 She offered to redo the proposal with a higher fee
2 and decrease in licensee population.]

3 ***

4 [Paul Edger, Esquire, Office of Attorney General
5 designee, exited the meeting at 11:42 a.m.]

6 ***

7 [Ms. Wolfgang mentioned that the Board could try to
8 justify not meeting the requirements of the law if it
9 was overly burdensome to get to that point, noting
10 that this is such a small amount that it seems like
11 it would be an uphill battle to argue to IRRC that it
12 would be unfair or overly burdensome to the licensees
13 to make up that amount.

14 Mr. Wentzel asked whether the regulation would
15 actually be invalidated, because it did not produce
16 enough revenue.

17 Mr. Rouse noted the statute states if they are
18 going to present a regulation the Board must provide
19 proof that their revenues are going to meet or exceed
20 their expenses.

21 Ms. Wolfgang mentioned that the second biennial
22 renewal period is bringing in \$1.542 million, and the
23 expenses would be \$1.533 million, where the Board
24 would be in a good position in the second and third
25 period.

1 Mr. Rouse stated before the first renewal period,
2 there is a projected surplus of \$58,439.61.

3 Mr. Wentzel asked whether IRRC would not approve
4 the regulation because of the deficiency in the first
5 period.

6 Ms. Wolfgang stated IRRC certainly would look at
7 the fact that the Board is not meeting its burden
8 under the law. She commented that if there was an
9 argument that bringing those revenues up so quickly
10 was going to be overly burdensome that she would feel
11 more comfortable moving forward, but because they
12 were not talking about a lot of money, she thought
13 the argument was not as compelling.

14 Mr. Stoerrle stated the bulk of their income is
15 coming from the residential side of it, who are
16 probably 58 and up, and do not necessarily retire but
17 cut back on their work. He noted hearing from other
18 appraisers that the cost to stay in business has
19 increased. He stated their fees have dropped about
20 33% since AMCs have taken over the market. He
21 believed more appraisers would be saying it is not
22 worth it to continue to renew their license, so the
23 6% is very low.

24 Mr. Stoerrle noted the flip side is raising the
25 fees too high may push other individuals out of this

1 business. He reported on a couple of AMC people
2 receiving \$1,300 to \$1,400 and paying the appraiser
3 \$300, which does not cover operating expenses.

4 Mr. Stoerrle also noted Fannie Mae and Freddie
5 Mac are coming out with their new form, which is 180
6 degrees from what most older appraisers used, where
7 they may not want to deal with this anymore. He
8 expressed a concern with the 5% or 6% being too
9 conservative.

10 Mr. Ausherman also mentioned Fannie Mae is coming
11 up with just a waiver where no appraisal is needed
12 and agreed that 5% or 6% is probably low, noting 10%
13 is probably a better number biennially.

14 Mr. Rouse believed they were already considering
15 a 5% decrease in the population per year.

16 Ms. Richards explained that it would be a 5%
17 decrease biennially.

18 Mr. Michalowski suggested reaching out to
19 associations nationally to provide information
20 concerning AMC and appraiser projections.

21 Ms. Richards offered to rework the numbers if
22 additional information is provided regarding fees in
23 other states and decreases in licensee population.

24 Ms. Brown offered to have her intern research the
25 information for the 13 states in the northeastern

1 corridor.

2 Mr. Rouse thanked Ms. Richards for the
3 presentation.]

4 ***

5 Report of Board Chairman

6 [Mark V. Smeltzer Sr., Chairman, Professional Member,
7 announced the new edition of USPAP is out. He stated
8 the ethics rule change was pretty awesome. He
9 reported on other minor changes, except for the
10 personal inspection definition and its application,
11 noting it would affect updates to appraisals and how
12 someone would have to reply to that personal
13 inspection, which may cause some issues.

14 Mr. Smeltzer informed Board members that he
15 needed to be reappointed to the Board and has
16 completed all of the necessary paperwork. He
17 mentioned there are a number of Board openings for
18 professional and public members.]

19 ***

20 Report of Board Administrator

21 [Kristel Hennessy Hemler, Board Administrator,
22 reminded everybody that since they are at a new
23 location that they had to set up a new meeting
24 invite. She noted the meeting invite will always be
25 on the agenda, which is available on the Department

1 of State website.]

2

3 Conference Reports - No Report

4

5 Exploratory Committee - Committee Discussion - ASC
6 Grants

7 [Michael McFarlane, Secretary, Professional Member,
8 reported being in a bit of a holding pattern, because
9 the fiscal year funding availability has closed. He
10 mentioned attending an ASC-based webinar for
11 informational purposes, and he has an upcoming,
12 subsequent follow-up meeting with the grant
13 coordinator to follow up on items that will modify
14 their package.

15 Mr. McFarlane noted a big reduction in the
16 amount of money being sought because of the new
17 technical capacity in the boardroom, which was a big
18 portion of what they were seeking in terms of
19 funding.

20 Mr. McFarlane addressed a comment during the
21 informational session, where the ASC grant will only
22 cover expenditures related to travel, conferences,
23 and things of that nature for up to three Board
24 members. He is hoping to be able to send up to six
25 individuals representing the Board, where the state

1 would continue to pay for the three individuals and
2 then have an additional three covered by the grants.

3 Mr. McFarlane mentioned that the first funding
4 window closes on June 1, 2024, and there should not
5 be a problem submitting that after he meets with the
6 grant coordinator tomorrow. He noted it will be in
7 before the first funding window for FY24 closes.

8 Mr. McFarlane offered to ask whether the grant
9 is specific to three professional members of this
10 Board or whether it applies to anyone who is on this
11 Board, both administratively or related in an
12 auxiliary capacity, like prosecutorial division. He
13 also offered to ask for the process between
14 submission and award.]

15 ***

16 Amendment to the Agenda - Application for Review

17 CHAIRMAN SMELTZER:

18 The Application of Jonathan Green. The
19 Application for Certified Residential
20 Real Estate Appraiser.

21 Would the Chair entertain a motion
22 to amend the agenda to state that this
23 is the Application for Certified
24 Residential Appraiser as opposed to
25 Certified General Appraiser.

1 CHAIRMAN SMELTZER:

2 I would entertain a motion to do that.

3 MR. STOERRLE:

4 So moved.

5 MR. AUSERMAN:

6 Second.

7 CHAIRMAN SMELTZER:

8 Mark Smeltzer, aye; William Stoerrle,
9 aye; Michael McFarlane, aye; John
10 Auserman, aye; Martha Brown, aye; Paul
11 Wentzel, aye.

12 [The motion carried unanimously.]

13 ***

14 [Board members asked Jonathan Green questions
15 regarding what is included in the hours for the
16 experience logs, how much time it takes to do an
17 inspection and the process, hours spent on a
18 residential appraisal, itemization and median
19 average, report recording, commercial appraisals
20 conducted, job duties and salary, and additional
21 responsibilities.

22 Mr. McFarlane informed Mr. Green that the Board
23 is struggling with a precise cadence in terms of
24 hours reported specific to an individual assignment
25 and balancing that against the collective experiences

1 of the Board members, where there is a discrepancy
2 between what the expectation is to complete an
3 assignment versus what is being reported on a
4 consistent basis where there is a pattern. He noted
5 the residential reports were reported as 20 hours and
6 the commercial reports were reported as 80 hours.

7 Mr. McFarlane thanked Mr. Green for the letter
8 and additional context but believed the logs are
9 meant to be reported on an assignment-specific basis.
10 He stated the Board continues to struggle with the
11 hours reported relative to what expectation is based
12 on experience.

13 Mr. Green referred to his letter asking for
14 consideration of his lack of efficiencies with the
15 original reports and asked whether Board members were
16 looking for the new information he provided.

17 Mr. McFarlane commented that they were looking to
18 see whether it is true and correct reporting of the
19 hours specific to an individual assignment, given the
20 coincidence that they all are more or less the same
21 hours recorded based on whether it's residential or
22 commercial and is the obstacle he is struggling with
23 personally.

24 Mr. Green mentioned that he was not attempting to
25 mislead the Board in any way with his estimation

1 based on what he was working on and lack of
2 efficiencies. He noted that his efficiencies are
3 well beyond where they were and is more than excited
4 to become a certified residential appraiser in the
5 state of Pennsylvania.

6 Mr. Smeltzer asked Mr. Green whether he filled in
7 the hours at the completion of each assignment or did
8 it once a week or month.

9 Mr. Green explained that he typically would carry
10 a tracker and fill it in monthly.]

11 ***

12

13 MR. ROUSE:

14 Item 11 on the agenda is Andrew Knasko,
15 an Application for Certified
16 Residential Real Estate Appraiser.
17 This was a matter that was discussed in
18 Executive Session earlier, and I
19 believe the Chair would entertain a
20 motion to direct Board Counsel to draft
21 a letter to the Applicant consistent
22 with the discussion in Executive
23 Session.

24 MR. AUSHERMAN:

25 I so move.

1 MR. STOERRLE:

2 Second.

3 MS. HENNESSY HEMLER:

4 Roll call.

5

6 Mark Smeltzer, aye; William Stoerrle,
7 aye; Michael McFarlane, aye; John
8 Ausherman, aye; Martha Brown, aye; Paul
9 Wentzel, aye.

10 [The motion carried unanimously.]

11 ***

12 MR. ROUSE:

13 Item 12 on the agenda is a matter that
14 was also discussed in Executive Session
15 in the matter of Amanda Richards'
16 Application for a Licensed Appraiser
17 Trainee.

18 I believe the Chair would entertain
19 a motion to grant the Application for
20 Licensed Appraiser Trainee.

21 MR. MCFARLANE:

22 So moved.

23 MR. AUSHERMAN:

24 Second.

25 MS. HENNESSY HEMLER:

1 Mark Smeltzer, aye; William Stoerrle,
2 aye; Michael McFarlane, aye; John
3 Ausherman, aye; Martha Brown, aye; Paul
4 Wentzel, aye.

5 [The motion carried unanimously.]

6 ***

7 MR. ROUSE:

8 Next is the Application of Carmine
9 Bellini, an Application for a Certified
10 General Appraiser, at item 13 on the
11 agenda.

12 [Board members asked Carmine Bellini questions
13 concerning hours logged on his assignments and how
14 hours were tracked, and the case was set back.]

15 ***

16 Public Comment/Discussion

17 Randy Waggoner, CPE, Assessors' Association of
18 Pennsylvania, asked whether there was a tentative
19 time frame for scheduling basic education for folks
20 who want to sit for their CPE and when the 15-hour
21 USPAP will be required as part of that basic
22 education.

23 Mr. Rouse explained that it has not been approved
24 at this point and would not be a requirement until
25 the regulatory package is approved.

1 CHAIRMAN SMELTZER:

2 I would entertain a motion.

3 MR. STOERRLE:

4 I'll make the motion.

5 MR. AUSERMAN:

6 I'll second.

7 MS. HENNESSY HEMLER:

8 Mark Smeltzer, aye; William Stoerrle,
9 aye; Michael McFarlane, aye; John
10 Auserman, aye; Martha Brown, aye; Paul
11 Wentzel, aye.

12 [The motion carried unanimously.]

13 ***

14 Pursuant to Section 708(a)(5) of the Sunshine Act, at
15 12:58 p.m. the Board entered into Executive Session
16 with Ronald K. Rouse, Esquire, Board Counsel, to have
17 attorney-client consultations and for the purpose of
18 conducting quasi-judicial deliberations. The Board
19 returned to open session at 1:30 p.m.]

20 ***

21 MR. ROUSE:

22 Pursuant to Section 708(a)(5) of the
23 Sunshine Act, the Board is returning
24 from Executive Session with Board
25 Counsel, where we had attorney-client

1 consultations and for the purpose of
2 conducting quasi-judicial
3 deliberations.

4 Item 10 on the agenda is the
5 Application for a Certified Residential
6 Appraiser of Jonathan Green.

7 After discussions in Executive
8 Session, I believe the Chair would
9 entertain a motion to direct Board
10 Counsel to draft a letter to the
11 Applicant consistent with the
12 discussion in Executive Session.

13 CHAIRMAN SMELTZER:

14 I would appreciate a motion.

15 MR. AUSERMAN:

16 I so move.

17 MR. STOERRLE:

18 Second.

19 MS. HENNESSY HEMLER:

20 Mark Smeltzer, aye; William Stoerrle,
21 aye; Michael McFarlane, aye; John
22 Auserman, aye; Martha Brown, aye; Paul
23 Wentzel, aye.

24 [The motion carried unanimously.]

25 ***

1 MR. ROUSE:

2 Item 13 on the agenda is Carmine
3 Bellini, which is an Application for a
4 Certified General Appraiser.

5 I believe the Chair would entertain
6 a motion to provisionally deny the
7 Application.

8 CHAIRMAN SMELTZER:

9 I would entertain that motion.

10 MR. AUSERMAN:

11 I so move.

12 MR. STOERRLE:

13 Second.

14 MS. HENNESSY HEMLER:

15 Mark Smeltzer, aye; William Stoerrle,
16 aye; Michael McFarlane, aye; John
17 Auserman, aye; Martha Brown, aye; Paul
18 Wentzel, aye.

19 [The motion carried unanimously.]

20 ***

21
22 Adjournment

23 CHAIRMAN SMELTZER:

24 I call for a motion to adjourn.

25 MR. MCFARLANE:

26 So moved.

1 MR. AUSERMAN:

2 Second.

3 ***

4 [There being no further business, the State Board of
5 Certified Real Estate Appraisers Meeting adjourned at
6 1:31 p.m.]

7 ***

8
9 CERTIFICATE

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I hereby certify that the foregoing summary minutes of the State Board of Certified Real Estate Appraisers meeting, was reduced to writing by me or under my supervision, and that the minutes accurately summarize the substance of the State Board of Certified Real Estate Appraisers meeting.



Derek Richmond,
Minute Clerk
Sargent's Court Reporting
Service, Inc.

STATE BOARD OF CERTIFIED
REAL ESTATE APPRAISERS
REFERENCE INDEX

February 29, 2024

	TIME	AGENDA
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3		
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5		
6		
7		
8		
9		
10	9:00	Executive Session
11	10:30	Return to Open Session
12		
13	10:30	Official Call to Order
14		
15	10:30	Roll Call
16		
17	10:30	Introduction of Attendees
18		
19	10:34	Approval of Minutes
20		
21	10:34	Report of Prosecutorial Division
22		
23	10:47	Report of Board Counsel
24		
25	10:51	Regulations/Statute
26		
27	10:59	Appointment - Bureau of Finance and Operations Annual Budget Presentation
28		
29		
30	12:07	Report of Board Chairman
31		
32	12:11	Report of Board Administrator
33		
34	12:12	Exploratory Committee
35		
36	12:17	Applications for Review
37		
38	12:54	Public Comment/Discussion
39		
40	12:58	Executive Session
41	1:30	Return to Open Session
42		
43	1:31	Motions
44		
45	1:31	Adjournment
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