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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: 10:33 A.M.

Held at
PENNSYLVANIA DEPARTMENT OF STATE
2601 North Third Street
One Penn Center, Board Room C
Harrisburg, Pennsylvania 17110

as well as

VIA MICROSOFT TEAMS

Thursday, December 22, 2022

1 ***

2 State Board of Certified
3 Real Estate Appraisers

4 December 22, 2022

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 that the Board met in
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, December 22, 2022. Joseph D. Pasquarella,
3 Chairman, Professional Member, officially called the
4 meeting to order at 10:33 a.m.

5 ***

6 Roll Call/Introduction of Attendees

7 [Joseph D. Pasquarella, Chairman, Professional
8 Member, requested a roll call of Board members and
9 introduction of attendees.]

10 ***

11 Approval of minutes of the November 10, 2022 meeting

12 CHAIRMAN PASQUARELLA:

13 The next item on the agenda is approval
14 of the minutes from the meeting on
15 November 10, 2022.

16 Do I have a motion to approve or
17 accept those minutes?

18 MR. STOERRLE:

19 I make a motion.

20 CHAIRMAN PASQUARELLA:

21 Is there a second?

22 MR. SMELTZER:

23 I'll second.

24 CHAIRMAN PASQUARELLA:

25 Any discussion of the minutes? Hearing

1 none.

2 We'll call a motion to approve to
3 accept these minutes. We need to do a
4 roll call.

5
6 Joseph Pasquarella, aye; Mark Smeltzer,
7 aye; John Ausherman, abstain; William
8 Stoerrle, aye; Michael McFarlane, aye;
9 Randy Waggoner, aye; Martha Brown, aye;
10 Paul Edger, aye; Paul Wentzel, abstain.

11 [The motion carried. John Ausherman and Paul Wentzel
12 abstained from voting on the motion.]

13 ***

14 Report of Prosecutorial Division

15 [Ray Michalowski, Esquire, Senior Board Prosecution
16 Liaison, informed Board members that prosecution has
17 been invited to do a presentation for the south-
18 central region on April 27 for that part of the
19 professional association. He mentioned there has
20 been some talk about reaching other regions and would
21 welcome those.

22 Mr. Michalowski also offered to answer any cost
23 questions the Board may have after the financial
24 report presentation today.]

25 ***

1 Report of Board Counsel - Possible Delegation to a
2 Hearing Examiner

3 MR. ROUSE:

4 Item 2 on the agenda is BPOA v. Jolene
5 M. Oldham, Case No. 21-70-015963.

6 After discussion in Executive
7 Session, I believe the Chair would
8 entertain a motion to delegate this
9 matter to a hearing examiner to conduct
10 a formal hearing and issue a Proposed
11 Adjudication and Order for review by
12 the Board.

13 CHAIRMAN PASQUARELLA:

14 Could someone make that motion?

15 MR. AUSERMAN:

16 I so move.

17 MS. BROWN:

18 Second.

19 MS. HENNESSY HEMLER:

20 Joseph Pasquarella, aye; Mark Smeltzer,
21 aye; John Auserman, aye; William
22 Stoerrle, aye; Michael McFarlane, aye;
23 Randy Waggoner, aye; Martha Brown, aye;
24 Paul Edger, aye; Paul Wentzel, aye.

25 [The motion carried unanimously.]

1 ***

2 Amendment to the Agenda

3 MR. ROUSE:

4 Would the Chair entertain a motion to
5 amend the agenda regarding the case
6 number for this matter to change it
7 from 21-80-015963 to 21-70-015963?

8 CHAIRMAN PASQUARELLA:

9 Yes. We need a motion to make that
10 change. Would somebody like to make
11 that motion?

12 MR. AUSERMAN:

13 I so move.

14 MR. EDGER:

15 Second.

16 MS. HENNESSY HEMLER:

17 Joseph Pasquarella, aye; Mark Smeltzer,
18 aye; John Auserman, aye; William
19 Stoerrle, aye; Michael McFarlane, aye;
20 Randy Waggoner, aye; Martha Brown, aye;
21 Paul Edger, aye; Paul Wentzel, aye.

22 [The motion carried unanimously.]

23 ***

24 Report of Board Counsel - Miscellaneous

25 [Ronald K. Rouse, Esquire, Board Counsel, noted prior

1 Board discussion regarding the Appraisal
2 Subcommittee's (ASC) final rule on temporary waiver
3 requests at the last meeting. He reported not having
4 the answer to a question presented by Mr. Smelter
5 because he wanted to see whether there was an issue
6 of federal preemption. He requested the matter be
7 tabled until the next Board meeting.

8 Mr. Rouse noted the Appraisal Standards Board
9 (ASB) has issued a fourth exposure draft of proposed
10 changes to the Uniform Standards of Professional
11 Appraiser Practice (USPAP) and can be accessed at
12 www.theappraisalfoundation.org on The Appraisal
13 Foundation's website.

14 Mr. Rouse informed Board members that the
15 Appraisal Standards Board is accepting written
16 comments to the exposure draft through February 3,
17 2023, and also is sponsoring a webinar to discuss the
18 exposure draft on January 12, 2023, at 1 p.m.]

19

20 Report of Board Counsel - Regulations/Statutes
21 [Ronald K. Rouse, Esquire, Board Counsel, addressed
22 Regulation 16A-66 regarding the publication as
23 proposed of the Act 53 regulations. He noted the
24 regulation contains a list of crimes considered to be
25 directly related to each profession of the 29 boards

1 and commissions under the jurisdiction of the
2 commissioner of the Bureau of Professional and
3 Occupational Affairs (BPOA). He stated the proposed
4 rulemaking was published in the *Pennsylvania Bulletin*
5 on November 19, 2022, and was given a 30-day comment
6 period.

7 Mr. Rouse noted the Board has a list of crimes
8 considered to be directly related to the profession
9 of appraisers and assessors posted to the Board's
10 website.

11 Mr. Rouse addressed Regulation 16A-7027
12 regarding broker price opinion. He mentioned the
13 Board made recommendations at the last meeting
14 regarding changes to the language of § 36.434 to read,
15 "In conjunction with the purchase of real property, a
16 BPO may not be used as the primary basis to determine
17 the value of real property for the purpose of a loan
18 origination of mortgage."

19 Chairman Pasquarella commented that the main
20 issue was that it was focusing on residential real
21 estate and should be for all real estate.]

22 MR. ROUSE:

23 Would the Chair entertain a motion to
24 direct Board Counsel to release this
25 proposed annex to stakeholders as an

1 exposure draft?

2 MR. AUSERMAN:

3 I so move.

4 MR. STOERRLE:

5 Second.

6 MS. HENNESSY HEMLER:

7 Joseph Pasquarella, aye; Mark Smeltzer,
8 aye; John Auserman, aye; William
9 Stoerrle, aye; Michael McFarlane, aye;
10 Randy Waggoner, aye; Martha Brown, aye;
11 Paul Edger, aye; Paul Wentzel, aye.

12 [The motion carried unanimously.]

13 ***

14 Report of Board Counsel - Regulations/Statutes

15 [Ronald K. Rouse, Esquire, Board Counsel, referred to
16 Regulation 16A-7025 regarding fees. He informed
17 Board members that the regulatory package for 16A-
18 7025 includes the annex, preamble, and the regulatory
19 analysis form and is with regulatory counsel for
20 review.]

21 ***

22 Report of Board Chairman - No Report

23 ***

24 Report of Board Administrator - No Report

25 ***

1 Conference Reports

2 [Mark Smeltzer, Vice Chairman, Professional Member,
3 addressed his attendance, along with Mr. Ausherman
4 and Mr. Stoerrle, at the Association of Appraiser
5 Regulatory Officials (AARO) Conference October 14-17.
6 He discussed a program he attended, *Ignorance Isn't*
7 *Bliss*, explaining the regulatory environment
8 throughout the United States for appraisers and how
9 boards differ and are the same. He mentioned that it
10 focused on three legs that hold up the entire process
11 being The Appraisal Foundation, Appraisal
12 Subcommittee, and the federal agency and state
13 regulatory agencies.

14 Mr. Smeltzer noted there was a report from Jim
15 Parks with the Appraisal Subcommittee and a breakout
16 session. He reported ASC is starting onsite reviews
17 up again at the beginning of 2023, looking at reviews
18 for appraisers and appraisal management companies
19 (AMCs) being separate reviews. He noted ASC
20 mentioned the Board may want to appoint a Board
21 member to be an AMC representative.

22 Mr. Smeltzer addressed a presentation from David
23 Bunton at The Appraisal Foundation suggesting Board
24 members get on mailing lists to receive updates and
25 suggested they join the Advisory Group that advises

1 The Appraisal Foundation.

2 Mr. Smeltzer stated the Appraiser Qualifications
3 Board (AQB) discussed the Practical Applications of
4 Real Estate Appraisal (PAREA), noting it is moving
5 along and several programs would be coming out next
6 year. He stated AQB appreciated Pennsylvania
7 changing position on PAREA and being more open to it.

8 Mr. Smeltzer commented that he was not sure where
9 they stand with the legislation but believed the
10 Board forwarded it and is waiting for final approval.

11 Mr. Rouse noted that he would be reviewing
12 suggestions from regulatory counsel and then sending
13 that back.

14 Mr. Smeltzer addressed a presentation by Michelle
15 Bradley from the Appraisal Standards Board regarding
16 the fourth exposure draft. He stated the proposed
17 changes are extensive, and the current edition of
18 USPAP has been extended until the end of 2023 to
19 allow time to get everything right.

20 Mr. Smeltzer mentioned that the diversity
21 initiative was discussed quite a bit, and one of the
22 things they can do with grants from the ASC is to
23 look into diversity initiatives. He noted discussion
24 by Attorney Peter Christensen about cases of bias and
25 how the Department of Housing and Urban Development

1 (HUD) is handling those. He reported over 100
2 complaints at the present time but no charges filed.

3 Mr. Smeltzer stated the Department of Veterans
4 Affairs is expanding to allow desktop appraisals,
5 primarily in response to the appraiser shortage in
6 Alaska and that it is taking too long to complete
7 appraisals.

8 Mr. Smeltzer informed everyone that several
9 education programs are being offered by the Council
10 on Licensure, Enforcement, and Regulation (CLEAR) to
11 their personnel.

12 Mr. Smeltzer addressed presentations by Fannie
13 Mae and Freddie Mac concerning quality issues. He
14 stated Scott Reuter from Freddie Mac mentioned that
15 gross living area (GLA) adjustments do not appear to
16 be up to where they need to be, along with a lack of
17 market condition adjustments when warranted.

18 Mr. Ausherman noted having conversations with
19 appraisers from other states and noticed that
20 appraisers are involved in prosecution in a lot of
21 states. He also spoke with several board
22 investigators and suggested sending one of their
23 Board investigators to the next AARO Meeting.

24 Mr. Stoerrle commented that the role of the Board
25 is enforcement and not advisory and encouraged

1 everyone to keep that in mind if they ever have to
2 come before the Board.

3 Chairman Pasquarella ask whether any Board
4 members wished to be an AMC representative at
5 meetings, and Mr. Stoerrle volunteered.

6 Chairman Pasquarella requested more information
7 regarding the advisory group.

8 Mr. Smeltzer explained that The Appraisal
9 Foundation has an advisory group of boards to help
10 advise them on certain things and is a way for boards
11 to help. He offered to represent the Board and would
12 reach out to Mr. Bunton.

13 Chairman Pasquarella commented that Mr. Smeltzer
14 should be part of that group because of his knowledge
15 of USPAP.]

16 ***

17 Appointment - Bureau of Finance and Operations

18 Annual Budget Presentation

19 [Michelle Witmer, Fiscal Management Specialist,

20 Bureau of Finance and Operations, Department of

21 State, presented the 2022-2023 budget information.

22 She addressed licensee population, noting the numbers
23 are looked at on a biennial basis to provide an idea
24 from a revenue standpoint.

25 Ms. Witmer noted the Board had 4,482 licensees at

1 the time of the report. She mentioned the Board
2 renews in June of odd years and compared it to the
3 previous renewal. She noted FY20-21 had 4,508
4 licensees and an increase of 5 licensees this
5 morning.

6 Ms. Witmer discussed the figure the Board brought
7 in in revenue in FY20-21 and FY21-22, noting the
8 biennial total. She mentioned the last fee increase
9 was in 2003 but the Board approved a biennial renewal
10 increase last year that would go into effect for the
11 FY24-25 renewal cycle.

12 Mr. Rouse clarified that the regulation has not
13 been approved through the formal regulatory process,
14 and the Board's hope is to get that to final-
15 rulemaking in time for the FY24-25 renewal cycle.

16 Ms. Witmer reported 92 percent of revenue is from
17 renewals and applications. She noted that other
18 categories are important but are not counted on as a
19 consistent source of revenue.

20 Ms. Witmer addressed expenses, noting the
21 expenses in FY20-21 and FY21-22. She explained that
22 categories are broken down by administrative and
23 legal costs and hit the Board through direct costs,
24 indirect costs, and timesheet costs. She reported on
25 the expenses as of December 12, 2022.

1 Ms. Witmer noted the Bureau of Finance and
2 Operations (BFO) is looking at the projected revenue
3 with the renewal and application fee increase for
4 FY24-25, noting an increase through FY25-26.]

5

6 Exploratory Committee

7 [Michael McFarlane, Professional Member, explained
8 that the intention of the committee is to call for a
9 public meeting in accordance with the Sunshine Act
10 immediately following the Board's next public meeting
11 on January 19. He noted a public notice would be
12 provided on the Board's website. He stated they want
13 to explore opportunities to procure available ASC
14 grant funds specific to the five tenets listed in the
15 grant description and are actively putting together
16 documentation for the forthcoming requests.

17 Mr. McFarlane noted the committee wants to see if
18 there may be any public interest that might help
19 licensees or some particular cause. He stated the
20 grants are specific to improvements to and/or
21 expansion of the complaint process, investigations,
22 and enforcement activities; improvements to the
23 process of submitting data on appraisers and AMCs to
24 the national registries; participation in trainings
25 and conferences; expansion of credentialing

1 opportunities in underserved markets; and other areas
2 as needed identified by the state Board.

3 Chairman Pasquarella thanked Mr. McFarlane for
4 the excellent update and the work he is doing.

5 Mr. Rouse commented that in addition to the
6 agenda being posted on the Board's website, the
7 notice would also be in the newspaper in the same way
8 they have notice of a regular meeting.

9 Mr. Smeltzer asked whether the Board could reach
10 out to schools that serve underserved areas that
11 would be interested in participating in this because
12 grants are offered for education programs.

13 Mr. Rouse suggested having the names and email
14 addresses put on the stakeholders list so it goes to
15 them when the notice of the agenda goes out.

16 R. Scott Hartman, SRA, Appraisal Institute,
17 informed Board members that he has a list and points
18 of contact and would provide the list to Ms. Hennessy
19 Hemler. He also offered to have their Diversity
20 Committee and University Relations Committee send
21 their lists.]

22 ***

23 Applications for Review

24 MR. ROUSE:

25 Regarding the matter of Steven

1 [R. Scott Hartman, SRA, Appraisal Institute, stated
2 the Appraisal Institute has a 15-minute PAREA
3 presentation built by their national office and would
4 like to present that to the Board at the January
5 meeting. He mentioned that he would have to
6 coordinate with Ms. Hennessy Hemler because it is a
7 video presentation.

8 Chairman Pasquarella noted the Board embraced the
9 Appraisal Institute's PAREA presentation on January
10 19, 2023, at 11 a.m.

11 Chairman Pasquarella thanked everyone for their
12 participation today and throughout the year. He
13 thanked Board members for being solid contributors to
14 the Board's achievements and thanked Ms. Hennessy
15 Hemler for all of her hard work during the year. He
16 also thanked Mr. Rouse for the synthesis and analysis
17 of materials presented at the Board meetings.

18 Ms. Hennessy Hemler congratulated Mr. Rouse for
19 winning the 2022 Department of State Secretary's
20 Outstanding Performance Award for employees who have
21 exceptional and outstanding performance and have gone
22 above and beyond the regular call of duty.

23 Chairman Pasquarella commented that the Board is
24 lucky to have Mr. Rouse and appreciates all of his
25 hard work.]

1 ***

2 Adjournment

3 CHAIRMAN PASQUARELLA:

4 I'd like to, at this time, close down
5 the meeting and wish everyone a happy,
6 joyous holiday season and a successful,
7 healthy new year.

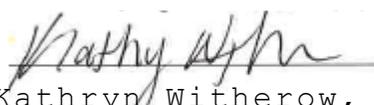
8 ***

9 [There being no further business, the State Board of
10 Certified Real Estate Appraisers Meeting adjourned at
11 11:23 a.m.]

12 ***

13 CERTIFICATE

14
15 I hereby certify that the foregoing summary
16 minutes of the State Board of Certified Real Estate
17 Appraisers meeting, was reduced to writing by me or
18 under my supervision, and that the minutes accurately
19 summarize the substance of the State Board of
20 Certified Real Estate Appraisers meeting.

21 
22 Kathryn Witherow,

23 Minute Clerk

24 Sargent's Court Reporting
25 Service, Inc.
26

STATE BOARD OF CERTIFIED
REAL ESTATE APPRAISERS
REFERENCE INDEX

December 22, 2022

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13	10:33	Official Call to Order
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15	10:34	Roll Call
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17	10:34	Introduction of Public Attendees
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19	10:36	Approval of Minutes
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25	10:41	Amendment to the Agenda
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27	10:41	Report of Board Counsel (cont.)
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29	10:43	Conference Reports
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31	11:02	Appointment - Bureau of Finance and Operations Annual Budget Presentation
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34	11:09	Exploratory Committee
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40	11:23	Adjournment
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