



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
REAL ESTATE APPRAISER COMMISSION
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243-1166
615-741-1831

January 12th, 2015
Minutes
First Floor Conference Room (1-A)
Davy Crockett Tower

The Tennessee Real Estate Appraiser Commission met on January 12th, 2015, in Nashville, Tennessee, at the Davy Crockett Tower in the first floor conference room. Chairman Johnstone called the meeting to order at 9:05 a.m. and the following business was transacted.

COMMISSION MEMBERS PRESENT

Mark Johnstone
Tim Walton
Norman Hall
Nancy Point
Gary Standifer
Eric Collinsworth
Randall Thomas
Dr. Warren F. Mackara

COMMISSION MEMBERS ABSENT

Rosemary Johnson

STAFF MEMBERS PRESENT

Nikole Avers, Keeling Gamber
Jennaca Smith, Cody Kemmer, Dennis O'Brien

COURT PERSONNEL

Court Reporter, Tracy Wilkes

Mr. Johnstone read the public meeting statement into the record which indicated the agenda was posted to the Tennessee Real Estate Appraiser Commission website on December 29th, 2014.

CONFLICT OF INTEREST FORMS

The board members each signed conflict of interest forms for the year 2015

INTRODUCTION OF GUESTS

Director Avers welcomed the newly appointed Assistant Commissioner, Brian McCormack, Deputy Commissioner, Bill Gianinni and other guests who had attended to participate in the meeting.

Mr. Gianinni introduced Mr. McCormack to the board and then presented the current TREAC financial report, followed by a brief Q&A session with the members.

ADOPT AGENDA

Mr. Hall made a motion to adopt the agenda. It was seconded by Ms. Point. The motion carried unopposed.

ADOPT ROBERTS RULES OF ORDER FOR 2015

Vote: Mr. Thomas made a motion that the board adopts Roberts Rules of Order for 2015. This was seconded by Mr. Walton. The motion carried unanimously.

MINUTES

The December 15th, 2014 minutes were reviewed. Dr. Mackara made the motion to accept the minutes as written. It was seconded by Mr. Hall. The motion carried unopposed.

REPORT OF EXPERIENCE INTERVIEWS

Tammy Wells Oliver made an application to upgrade from a registered trainee to a certified residential real estate appraiser. Mr. Walton was the reviewer and having found various USPAP deficiencies in the reports submitted, recommended that her experience request be denied. Mr. Collinsworth made a motion to accept the recommendation. This was seconded by Mr. Thomas. The motion carried unopposed.

Joshua Victor Thurman made an application to upgrade from a registered trainee to a state licensed certified residential real estate appraiser. Ms. Point was the reviewer and recommended that his experience request be granted. Mr. Hall made a motion to accept the recommendation. This was seconded by Mr. Collinsworth. The motion carried unopposed.

JANUARY 2015 - EDUCATION COMMITTEE REPORT

Dr. Mackara read his recommendations into record as below:

Course Provider	Course Number	Course Name	Instructor(s)	Hours	Type	Recommendation
Appraisal Institute	1815	Two Day Advanced Income Capitalization / A	R. DeVries	15	CE	Approve
Appraisal Institute	1816	Two Day Advanced Income Capitalization / B	R. DeVries	15	CE	Approve
McKissock	1817	Adjustments: Supported or Not Supported?	A. Brown, C. Huntoon, D. Bradley, J. Smithmyer, L. McMillen, S. Vehmeier, T. Martin, W. Czekalski, S. Maher	7	CE	Approve
Melissa Bond	1819	Defensible Workfile	M. Bond	7	CE	Approve
Knoxville ASA	1820	Understanding and Using Comparable Transactions	W. (Bill) Wilson	7	CE	Approve
Appraisal Institute	1815	Two Day Advanced Income Capitalization / A	R. DeVries	15	CE	Approve

Individual Course Approvals

Licensee	Course Provider	Course Name	Hours	Type	Recommendation
Nesbit Harris (CR 4126)	IAAO	Fundamentals of Real Property Appraisal	30	CE	Approve

Vote: Mr. Hall made a motion to accept the recommendations. This was seconded by Mr. Thomas. The vote carried unopposed.

DIRECTOR'S REPORT

Director Avers presented the current appraiser commission budget, licensing numbers and complaint status summary.

ASC policy managers, Kristi Klamet and Vicki Metcalf were currently conducting the scheduled compliance review of Tennessee's Real Estate Appraiser regulatory program and would be giving a report on their activities later in the meeting.

The board members were encouraged to go through the ASB's 4th exposure draft relating to changes for the 2016-2017 edition of USPAP, which had been uploaded to board member iPads. This draft included changes to the Record Keeping rule, revisions to Standard 3, Definitions of Assignment Results, the Confidentiality section of the Ethics rule and other proposed revisions to reporting standards. The draft

had been uploaded to the TREAC website and any written comments would be accepted by the ASC up to February 2, 2015 at the email address supplied on the website

Since there was no formal hearing scheduled in February and new applications were expected to be slow in the next month, Director Avers proposed that the February meeting be cancelled.

Vote: Mr. Walton made a motion to cancel the TREAC meeting in February. This was seconded by Mr. Standifer. The vote carried unanimously.

Since some minor edits to the Commission's policies had become necessary due to the recent rule revisions, Director Avers made a recommendation that Policy number 7, which included reference to compliance with the 2008 AQB criteria should have the text that read, "on or after January 1, 2008 without having to meet the 2008 AQB criteria. If an appraiser holds a valid appraiser credential supported by an AQB approved examination, the appraiser will be deemed to be in full compliance with the 2008 criteria." deleted in its entirety, with the remainder of the policy remaining unchanged.

Vote: Mr. Collinsworth made a motion to delete the text as indicated from Policy number 7 and leave the rest unchanged. This was seconded by Mr. Standifer. The vote carried unanimously.

Since the revisions to the AQB requirements effective January 1, 2015 to be a supervisor had changed from two (2) years to three (3) years, Director Avers recommended either changing the policy (policy 12) to read three (3) years or to delete the policy in its entirety as it was covered sufficiently within the rules.

Vote: Mr. Walton made the motion to delete the policy 12 entirely since it was covered sufficiently in the rules. This was seconded by Ms. Point. The vote carried unanimously.

2012011771

An appraiser/respondent had requested an extension on the time granted to pay off the five thousand dollar (\$5,000) civil penalty which had not been paid in full per the consent order as yet. This respondent was not a resident of Tennessee and had let their credential lapse as of this time, in addition to having multiple other disciplinary sanctions in the past. The Commission declined to take action on this matter.

Director Avers requested that the board perhaps consider changing the policy that allowed her to approve courses that had CAP approval for the original providers and extending that permission to let her approve courses submitted by secondary providers whose original course material owner/author already had CAP approval. Given that the board would likely be meeting every other month, this would keep any CAP approved courses from waiting for board approval. She also suggested that the education commissioner could be sent the courses to review and have them approved on his emailed report to staff, without a vote from the board at a future meeting. In the interest of time, Chairman Johnstone requested that she bring this matter for consideration to the Board during the March meeting.

LEGAL REPORT

1. 2014024791

This complaint was filed by a consumer and alleged that Respondent misapplied the cost approach, which caused the Complainants to lose the sale of their home and lose the chance to purchase the home they wanted. Complainant alleged that Respondent wrote the cost approach as 2.10 acres equaling \$40,000, with the remaining \$58,000 being for the home and outbuildings, etc., for a total of \$98,000. Complainant stated the THDA guidelines state that the property cannot exceed 35% of the total appraisal.

Respondent sent a response to the complaint stating that he had a problem with the complaint on several levels. First of all, the owner is the one who informed him that the sale included the 6 plus acres at a price of \$105,000. Secondly, it is not unusual for a manufactured home on acreage in this town to have land value greater than 30% of the total value. This is more of a function of the type of property rather than the appraisal process. The fact that THDA will not insure a transaction with a land value in excess of 37% of total value is their guideline, not a function of the appraisal process.

REVEIWER CONCLUSIONS [alleged violations included within brackets]:

- Neighborhood: The neighborhood stated boundaries represent about 200 square miles. This is likely the appraiser's boundaries from which the comparable sales were extracted. There would be many neighborhoods in the area described. [SR 1-1(c)(Lines 507-509)]
- Subject's Contract: The contract is identified with closing costs stated. However, no analysis results are reported. No analysis was found in the workfile, which indicates no analysis was performed. [SR 2-2(a)(viii)(Lines 735-740); SR 1-5(a)(Lines 627-630)]
- Subject's listing: The listing is identified, and the listing amount and date of listing is presented; however, no analysis results are reported. No analysis was found in the workfile, which indicates no analysis was performed. [SR 2-2(a)(viii)(Lines 735-740); SR 1-5(a)(Lines 627-630)]
- Land Value: Land value is stated; however, the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions were not summarized adequately. Some land comparable sales were found in the appraiser's workfile, which showed list prices, but not sale prices. No analysis was found. [SR 2-2(a)(viii)(Lines 726-727); SR 1-4(b)(Line 587)]
- Cost New: The sources were stated, but there were no specifics in the report or workfile showing the data, analysis, or reconciliation. Nothing was found in the workfile indicating analysis was performed. [SR 2-2(a)(viii)(Lines 726-728); SR 1-4(b)(ii)(Lines 588-589)]
- Direct Comparison Approach: The appraiser stated the adjustment amounts for most of the line-item adjustments and stated some general techniques to extract line-item adjustment rates; however, no explanation or support for any of the adjustments were given. While many adjustments cannot be extracted by the market, the appraiser's evidence and logic should be discussed, i.e. the appraiser's reasoning should be communicated to the intended user. [SR 2-1(b)(Lines 652-653); SR 2-2(a)(viii)(Lines 726-734); Scope of Work Rule (Lines 402-403)]
- Reconciliation: No reconciliation of the cost and sales comparison approaches were reported. None was found in the workfile, indicating that it was not performed. [SR 2-2(a)(biii)(Lines 732-734); SR 1-6(a) & (b)(Lines 635-640)]

Respondent's Response to Reviewer's Conclusions:

With regard to the bullet point number 1, Respondent stated that the reviewer implied the neighborhood boundaries in the report were noted only to include the comparable sales in the report. Respondent stated that this is absolutely not supported by the facts. All the comparable sales are located outside the neighborhood boundaries outlined in the appraisal report. UAD guidelines require specific NORTH, SOUTH, EAST, AND WEST boundaries, and the subject appraisal report clearly meets this requirement. In rural areas where a neighborhood description is arbitrary and there are no clearly defined boundaries, the most important criteria become the market influences. Because the subject city has such a small population, the search area was expanded to include the entire county. In short, the market influences for all the areas where the comparable sales are located are the same. With regard to the subject's contract, Respondent stated the contract was, in fact, analyzed as stated in the report. The extent of the analysis is a matter of interpretation. The analysis meets USPAP requirements, as the contract section of the report includes the contract price, data source, contract date, financial concessions, and what is to be paid on behalf of the buyers. The term "analysis" is not defined in USPAP because it does not have a special meaning as found in common dictionaries. With regard to the subject's listing, Respondent stated the list price, the list date and data source are noted in the appraisal report. The type of report and DOM are also noted in the appraisal report. With regard to land value, the reviewer stated that, "Some land comparable sales were found in the appraiser's workfile, which showed list prices, but not sale prices." This is completely inaccurate. Respondent attached the MLS report for all ten land sales and noted that all ten are closed sales. Respondent stated that Rule 1-3(b) of USPAP requires the appraiser to recognize that land is appraised as though vacant. This was completed in this appraisal report development. In this case the subject has excess land, as it is situated on 2.10 acres of a 6.94 acre total site. In the appraisal, no value is given to this excess land. In determining the final land value for the subject the "QUALITATIVE METHOD" was applied. This is a perfectly accepted USPAP method. With regard to cost new, Respondent stated the market adjustment data was taken from Marshall and Swift Residential Cost Handbook and previously completed appraisals. Respondent stated he has completed more than ten (10) manufactured homes in the county in the past two years, and a compilation of data from these appraisals was also used in the development of this appraisal report. With regard to the direct comparison approach, Respondent stated that typically, adjustments are developed over a period of time using acceptable techniques such as paired sales. The development of each adjustment is not outlined in each

individual workfile. Respondent stated USPAP is silent relative to the items stated by the reviewer. With regard to the reconciliation, as stated in the appraisal report, calculation of final value was determined by weighted sales: comparable #1 was given the most weight. Respondent stated, in conclusion, that there is no such thing as a perfect report, but this appraisal report has been developed in compliance with USPAP.

Licensing History: Certified Residential 12/27/1991-Present

Disciplinary History: (200312813 - Closed with Letter of Caution; 200501728 - Closed with no further action; 201102407 - Dismissed)

Reasoning and Recommendation: Counsel recommends Closure of the matter with a Letter of Instruction pertaining to summarizing the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions in the cost approach for the site value and the final reconciliation of the value opinions developed in the appraisal report.

Vote: Mr. Hall made the motion to dismiss the case. This was seconded by Mr. Thomas. The vote carried unanimously.

2. 201402731

This complaint was filed by a consumer and alleged the under-valuing of a residential property by using inaccurate comparable sales data. The complaint alleged that Respondent spent 20 minutes or less at the home and did not measure completely around the house. He stuck his camera in every room and flashed a quick picture but never measured one inside room. He did not look at the hot water tank or furnace to see if it existed. Complainant alleged that the subject property is approximately $\frac{3}{4}$ acre and significantly larger than the lots of the comparable sales listed, and the square footage of Complainant's home was significantly larger than the comparable sales. Complainant suggested that the comparable sales Respondent selected are all REO's, and it appears there was a deliberate search to find foreclosed properties to low ball the appraisal.

Respondent sent a response to the complaint stating that when the assignment was received, the property owner informed Respondent that the property was being used as a boarding house. When Respondent was informed of this, he informed the client that the property would be difficult to appraise and that sales of such properties rarely ever transfer. Respondent alleged that property had no landscaping and minimum yard maintenance, along with a large portion of the yard being a large asphalt parking lot for multiple tenants. Respondent stated the floors in the dwelling were uneven and somewhat weak but not to the point that he felt a structural inspection was required. Respondent stated the subject property is located in a neighborhood that has seen drastic decline in property values since the collapse of the real estate market. The decline was further influenced by the fact that owner occupied purchaser could no longer qualify for mortgage with the tighter lending restrictions. There is very little market for sites in the neighborhood. There did not appear to be support for an adjustment for the site size in land sales or in sales of improved properties. Though the subject's living area is much larger than most sales in the neighborhood, the larger square footage of living area appears to contribute a minimum value in the market. The properties considered were felt to be similar to the subject, as adjusted, provided a good indication of the "as is" market value for the subject property. It was not feasible for the Respondent to consider the rents generated by the subject's boarding house income to arrive at an income value for the subject. The cost approach was determined from Marshall and Swift fair rating, quarter multipliers, and local multipliers. Respondent feels that considering all of the conditions influencing the subject property; it is a fair and supported value.

REVEIWER CONCLUSIONS [alleged violations included within brackets]:

Highest and best use is not properly analyzed. There is a lack of support and rationale provided for the highest and best use conclusion based on the inconsistency of the comments provided along with the lack of discussion about the subject's atypical illegal use and how that affects value. The subject property is zoned R-6, but upon further investigation, the property was granted a special use permit, allowing the property to be utilized as a day care facility for up to 30 people. The permit stays in effect as long as it is used as a day care. If the property goes unused as a day care for two consecutive years, the permit ceases

to exist. This information was not provided or addressed in the report and is considered to be a relevant characteristic of the subject property that needs to be discussed and/or analyzed. It was noted in the report that the subject property is a single family residence that has been converted for use as a 6-bedroom boarding house, and is being presently used as a boarding house. After discussion with the planning office this property would actually be considered an illegal use. [SR 1-2(e)(i)(iv); SR 1-3(a)(b); SR 2-2(a)(x)]

- Relevant characteristics about the improvements have not been adequately discussed or analyzed. The report notes that the subject has had some conversions of the improvements. The living room has been converted to a bedroom and part of the garage has been converted to a bedroom. There were no comments offered addressing whether permits were issued and if the garage/bedroom conversion included a permanent heat source to indicate that this area is truly additional “Gross Living Area” (GLA). Based on the information and the lack of discussion in the report it would appear that the assignment conditions presented by the client in the engagement letter have not been addressed or met. The property was also described to be centrally cooled with forced warm air and individual cooling was also noted. The pictures provided in the report show a number of window air conditioning units, but no comments or analysis was provided. Without the commentary or analysis, the intended user is left to question the cooling system. [Scope of Work Rule; SR 1-2(e)(i); SR 2-1(b); SR 2-2(a)(iii); SR 2-2(a)(vii)]
- The following comments were found in the URAR report, “C-5; No updates in the prior 15 years, only normal physical depreciation observed with no functional obsolescence known that would adversely affect the subject marketability. Utilities were on and in working order at the time of inspection. Head and shoulders inspection of attic was completed. Uneven flooring, possible structural issues. Further inspection advised.” These comments are contradictory. The report states that the “Fannie Mae” (FNMA) condition rating is C-5. FNMA defines C-5 as follows: The improvements feature obvious deferred maintenance and are in need of some significant repairs. Some building components need repairs, rehabilitation, or updating. The functional utility and overall livability is somewhat diminished due to condition, but the dwelling remains useable and functional as a residence. The reviewer could not locate any analysis in the report or workfile that would suggest that the functional utility of the subject property was addressed. There are several photos in the report, showing needed repairs, such as a window, bathroom floor trim, and a bedroom ceiling and wall. None of these were addressed in the report. [Scope of Work Rule; SR 1-2(e)(i); SR 2-1(b); SR 2-2(a)(iii); SR 2-2(a)(vii)]
- The sales comparison opinions, analysis, and conclusions are not properly supported. Research revealed that Sale #1 was transferred after the reported dated by quit claim deed. This transfer was not reported or discussed. In Sale #2 a review of the data presented revealed that the sales price information and verification source was not consistent. This deed also references the previous transfer of the property. No deed transaction was located for the noted MLS transaction. With Sale #5 and #6, it is not clear how “Register” is a verification source, since the country register’s office only records transactions. It is noted that the sales used are all single family residences and the subject is a single family structure that has been converted to a boarding house. There was no discussion or analysis provided on how the current use was compared to the sales and what effect it would have on the value indication. [SR 1-1(a)(b); SR 1-4(a); SR 2-1(a)(b); SR 2-2(a)(viii)]
- The site value is not supported. A \$3,500 site value was noted in the cost approach section of the URAR report. The report notes in the site comment section of the cost approach, “Site estimate from recent land sales and/or allocation method.” No supporting information was found in the report or the workfile information provided, indicating that the opinion of site value was completed by an appropriate appraisal method or technique. [SR 1-4(b)(i); SR 2-2(a)(viii)]
- The report lacks the information and analysis necessary to understand the formulation of the external depreciation indication, the cost figures used, as well as the final conclusion. The reviewer found no supporting information in the report or information supplied that would allow the reviewer to recreate the cost approach nor does it appear that the recognized techniques or methods have been employed. [SR 1-1(a)(b)(c); SR 1-4(b)(ii)(iii); SR 2-1(b); SR 2-2(a)(viii)]
- In the original report, the income approach was not completed. Overall, the report does not adequately address the client’s conditions to provide them with sufficient income information based on the “as is” condition of the subject property, which is currently being used as a boarding house (an illegal use), as of the effective date. [Scope of Work Rule-Problem Identification]

- The reconciliation in the report does not reconcile quality and quantity of data used in the approaches to value. The sales comparison approach was given the most weight in the final opinion of value, but does not provide sufficient reporting and analysis to support opinion and conclusions. Neither the report nor the workfile provided any analysis or support for the value conclusion. There has not been adequate reasoning or support provided to support the “repaired” value conclusion presented, and it is not considered to be conveyed in an appropriate manner. [SR 1-6(a)(b); SR 2-2(a)(viii)]

Licensing History: Certified Residential 11/15/1991-Present

Disciplinary History: None

Reasoning and Recommendation: The reviewer found that the inconsistencies throughout the report diminish the reliability of the report, and there is not adequate support for the conclusions rendered. As such, Counsel recommends the authorization of a civil penalty in the amount of Five Hundred Dollars (\$500) to be satisfied within thirty (30) days of execution of the Consent Order and a fifteen (15) hour Residential Market Analysis and Highest and Best Use course and a fifteen (15) hour Residential Appraiser Site Valuation and Cost Approach to be completed within one-hundred eighty (180) days of execution of the Order. Such terms are to be settled by Consent Order or Formal Hearing.

Note: Mr. Thomas made a motion to remove the five hundred dollar (\$500) civil penalty, but accept the rest of counsel’s recommendation on education as stated. This was seconded by Mr. Walton. The vote carried unanimously.

McKISSOCK PRESENTATION (ON-LINE EDUCATION)

Dan Bradley, Director of Education for online appraiser curriculum at McKissock thanked the board for letting him and his colleague, Emily Onuffer, who was in charge of education policy, attend the meeting. Mr. Bradley’s presentation covered many interesting facts on online education such as the differences between synchronous and a-synchronous delivery, the fact that online education was now used to impart high quality education to many different professions (such as law, accounting and medicine), with further elaborations on some of myths and misconceptions of taking classes and gaining education this way. He also displayed maps that showed the small percentage of states still using classroom education by rule and then covered the overall benefits of online education with regard to cost effectiveness, regulated content and delivery standards. His presentation ended with an overview of the IDECC policies that governed online education and a Q&A session with the members.

RULE MAKING HEARING

The Commission held a rule making hearing, attended by court reporter Tracy Wilkes. Ms. Baird called the hearing to order and took roll call of the board members present. Director Avers began by reading into the record letters received from appraisers on different matters that would be taken into consideration during the hearing:

Chip Baine wrote in to ask for clarification on the definition of ‘good standing’.

Note: Mr. Hall made the motion that Director Avers would send Mr. Baine a letter with the proper definition. This was seconded by Mr. Walton. The motion carried unanimously.

Other letters opposing 100% online education in the state were received from:

- | | |
|-----------------|-------------------|
| Todd Flanders | Steven Galyon |
| Weston Woodford | Steven Goodpaster |
| Mari Carlson | Rex Garrison |
| Todd Rogers | William Wilson |
| Donald White | Robert Abbott |
| George Long | Eric Trots |
| Rand Boulden | |

In brief presentations to the board, Sandy Ackridge, Tread Metz and Randy Button shared their views on not changing the current rules on education in the state.

Ms. Gamber then requested the board to amend or approve the rules as stated.

Rule 1255-01-.02

Vote: Mr. Walton made the motion to adopt the rule as stated. This was seconded by Mr. Thomas. The vote carried unanimously.

Rule 1255-01-.03

Vote: Dr. Mackara made the motion to adopt the rule as stated. This was seconded by Mr. Collinsworth. The vote carried unanimously.

Rule 1255-01-.04

Vote: Mr. Standifer made the motion to adopt the rule as stated. This was seconded by Mr. Hall. The vote carried unanimously.

Rule 1255-01-.05

Vote: Mr. Thomas made the motion to adopt the rule as stated. This was seconded by Mr. Standifer. The vote carried unanimously.

Rule 1255-01-.07

Vote: Mr. Standifer made the motion to adopt the rule as stated. This was seconded by Dr. Mackara. The vote carried unanimously.

Rule 1255-01-.08

Vote: Mr. Walton made the motion to adopt the rule as stated. This was seconded by Ms. Point. The vote carried unanimously.

Rule 1255-01-.09

Vote: Mr. Walton made the motion to adopt the rule as stated. This was seconded by Mr. Collinsworth. The vote carried unanimously.

Rule 1255-01-.11

Vote: Mr. Collinsworth made the motion to adopt the rule as stated. This was seconded by Mr. Thomas. The vote carried unanimously.

Rule 1255-01-.12

Vote: Mr. Collinsworth made the motion to amend the rule as follows:

1. Strike parts 5(b), 5(c), 5(d) entirely
2. Replace the word 'registration' with 'license and certificate' in part 5(e)

This was seconded by Mr. Walton. The vote carried unanimously.

Rule 1255-01-.16

Vote: Mr. Hall made the motion to adopt the rule as stated. This was seconded by Mr. Collinsworth. The vote carried unanimously.

Rule 1255-02-.01

Vote: Mr. Walton made the motion to adopt the rule as stated. This was seconded by Mr. Standifer. The vote carried unanimously.

Rule 1255-02-.03

Vote: Mr. Collinsworth made the motion to adopt the rule as stated. This was seconded by Mr. Walton. The vote carried unanimously.

Rule 1255-02-.04

Vote: Mr. Collinsworth made the motion to amend the rule as follows:

1. Strike language that reads 'and Qualifying education' from part (3)
2. Strike language that reads 'can make up one hundred percent (100%) of the total requirement for education and' from part 3(a)
3. Strike language that reads 'and qualifying education' from part 3(a)

This was seconded by Mr. Thomas. The vote carried unanimously.

Final Vote: Mr. Hall made a motion to deny the proposed changes to education and leave all rules as they exist currently, allowing counsel to amend all rules as required reflecting this motion. This was seconded by Mr. Thomas. The vote carried by majority roll call with Dr. Mackara in opposition.

Rule 1255-02-.04

Vote: Mr. Collinsworth made the motion to amend the rule as follows:

1. Strike language that reads 'Qualifying and' from part (4)
2. Strike parts (5), (6), (7), (8) and (9) entirely

This was seconded by Mr. Hall. The vote carried unanimously.

Rule 1255-02-.04

Vote: Mr. Collinsworth made a motion to strike part (10) entirely. This was seconded by Mr. Thomas. The vote carried unanimously.

Rule 1255-02-.04

Vote: Mr. Collinsworth made the motion to adopt part (11), (12) and (13) as stated. This was seconded by Dr. Mackara. The vote carried unanimously.

Rule 1255-02-.04

Vote: Mr. Collinsworth made the motion to strike part (14) entirely. This was seconded by Mr. Hall. The vote carried unanimously.

Vote: Mr. Collinsworth made the motion to adopt part (15) as stated. This was seconded by Mr. Hall. The vote carried unanimously.

Final Vote: Mr. Hall made the motion to adopt the amendments to **Rule 1255-02-.04** as voted in segments above. This was seconded by Dr. Mackara. The vote carried unanimously.

Rule 1255-02-.13

Vote: Mr. Hall made the motion to adopt the rule as stated. This was seconded by Mr. Collinsworth. The vote carried unanimously.

Rule 1255-04-.01

Vote: Mr. Standifer made the motion to adopt the rule as stated. This was seconded by Ms. Point. The vote carried unanimously.

Rule 1255-06-.01

Vote: Dr. Mackara made the motion to adopt the rule as stated. This was seconded by Mr. Collinsworth. The vote carried unanimously.

Rule 1255-06-.03

Vote: Mr. Thomas made the motion to adopt the rule as stated. This was seconded by Mr. Standifer. The vote carried unanimously.

Final Rule Making Hearing Vote: Mr. Walton made a motion to adopt the rules as amended during the hearing. This was seconded by Mr. Collinsworth. The vote carried unanimously.

Ms. Gamber read the **Regulatory Flexibility Analysis** questions and recommended answers into record for adoption by the board.

Vote: Mr. Walton made the motion to accept statement one (1). This was seconded by Mr. Collinsworth. The vote carried unanimously.

Vote: Dr. Mackara made the motion to accept statement two (2). This was seconded by Mr. Hall. The vote carried unanimously.

Vote: Mr. Collinsworth made the motion to accept statement three (3). This was seconded by Mr. Walton. The vote carried unanimously.

Vote: Mr. Walton made the motion to accept statement four (4). This was seconded by Ms. Point. The vote carried unanimously.

Vote: Mr. Walton made the motion to accept statement five (5). This was seconded by Mr. Standifer. The vote carried unanimously.

Vote: Mr. Collinsworth made the motion to accept statement six (6). This was seconded by Dr. Mackara. The vote carried unanimously.

Vote: Mr. Thomas made the motion to accept statement seven (7). This was seconded by Mr. Collinsworth. The vote carried unanimously.

Ms. Gamber then presented the **Economic Impact Statements** questions and recommended answers for adoption by the board.

Vote: Mr. Walton made the motion to accept statement one (1). This was seconded by Mr. Collinsworth. The vote carried unanimously.

Vote: Mr. Collinsworth made the motion to accept statement two (2). This was seconded by Mr. Hall. The vote carried unanimously.

Vote: Mr. Standifer made the motion to accept statement three (3). This was seconded by Mr. Thomas. The vote carried unanimously.

Vote: Mr. Hall made the motion to accept statement four (4). This was seconded by Mr. Collinsworth. The vote carried unanimously.

Vote: Mr. Thomas made the motion to accept statement five (5). This was seconded by Mr. Standifer. The vote carried unanimously.

Vote: Mr. Hall made the motion to accept statement six (6). This was seconded by Mr. Standifer. The vote carried unanimously.

Ms. Gamber then presented a statement for adoption by the board, that the rules amended/adopted did not have any negative impact on local government.

Vote: Mr. Collinsworth made the motion to accept the statement. This was seconded by Mr. Walton. The vote carried unanimously.

ASC REPORT

Kristi Klamet and Vicki Metcalf from the ASC who were currently conducting the Annual TREAC compliance audit, distributed copies of the ASC Annual Report from 2013. She went on to share that the ASC monitors the activities of appraisal boards and commissions and that they also maintain the National Registry. Ms. Klamet reported that given the quality of work they had already seen from Director Avers and staff, they fully expected to file another exemplary report at the end of this current audit. She also informed the board that they had not found any deficiencies in the areas of statutes and regulations, temporary permits, National Registry maintenance and updates, applications processing, reciprocity and credential upgrades – all of which were audited in 2013.

NEW BUSINESS

Director Avers brought to the attention of the board that there was only one four (4) hour trainee/supervisor course available to potential appraiser trainee registrants. Staff had been getting questions as to whether potential trainees had to take the full seven (7) hour course as required by the AQB. The Board advised staff that the full seven (7) hour course must be taken by all new trainee registrants as soon as course providers made the course available.

Having no further business, Mr. Johnstone adjourned the meeting at 4:02 p.m.