

**FINAL MINUTES OF THE
RULES COMMITTEE MEETING
July 18th, 2013 10:00 A.M.**

Call to order and roll call

The meeting was called to order by Mike Petrus, Vice-Chairman at 10:00 a.m.

Those Committee members present at roll call:

Mike Petrus, Vice-Chairman

Jeff Nolan

Frank Ugenti

Joe Stroud was absent

Staff Attendance:

Debra Rudd, Executive Director

Jeanne Galvin, Assistant Attorney General

Mike Petrus read the first item on the agenda which was to vote for the Chair of this committee. He then nominated Frank Ugenti as the Chair, and Jeff Nolan seconded the motion. All voted in favor of the nomination.

Frank Ugenti then read the next item on the agenda, which entailed the introduction of Jeanne Hann, a rule writer who had worked for the Governor's Regulatory Review Council and has experience with writing rules for several years. She then briefed the Committee on the process of the rule making. She encouraged the Committee to solicit comments from stakeholders prior to posting of the notice of final rule making. An agreed upon Notice of Proposed Rule Making is the hardest part of the rule making process. She informed the Committee that there job is to decide what rules they want, and it is her job to write it in words that can get through the process.

Frank Ugenti then read the next item on the agenda which was to begin the process of reviewing the current rules and what changes should be considered for the new SB1316, AMC rules, etc. He then asked Debra Rudd to outline what order the Committee should take in this process. After discussion, it was decided to review Article 2 of the Rules which covers Licensing and Certification. Jeanne Hann recommended that as drafts are completed that they be posted on our website for comments.

Jeff Nolan asked some questions on a draft of the revised rules that Jeanne Hann had been hired to provide. He had a question about one of the definitions for appraisers, which could include and be confused with tax agents. This was discussed and a minor change would solve the confusion that may exist.

Frank Ugenti asked Debra Rudd what comments she has received about our rules, to try to prioritize this process. She stated that the draft has not been out to the public as yet, as she was waiting until the Committee had a chance to review them. She reported that the

comments she has received in the past has pertained to the rules for trainees, reciprocity, education and AMC's. In the order of priority, she and Frank Ugenti agreed that trainees and reciprocity need to be looked at first, but education should come next. Frank Ugenti asked Debra Rudd to reach out to the AMC's for their input and comments.

Jeanne Galvin was asked for her comments about the proposed draft of rules. She offered some suggestions about the grouping of the classifications of appraisers. Additional questions were raised about background checks for appraisers coming by reciprocity. Debra Rudd explained that the ASC had reported at the AARO conference in Austin that reciprocal applicants cannot be treated any different than existing appraisers in our state. If existing credential holders in Arizona do not require a background check, the Board cannot require an applicant coming in from another state by reciprocity to provide a background check if they are staying at the same level of licensure.

Additional conversation included going up in classification and what is required of an applicant was discussed. After discussion, the draft appeared to be in compliance with the AQB criteria.

Jeff Nolan asked a question about adopting USPAP unless there are objections. This question was followed by a suggestion from Joanna Conde to "adopt the current AQB criteria unless there are objections" in rules, similar to what the statute states regarding USPAP now. This would alleviate making changes to rules every time there are changes to AQB. Discussions regarding this suggestion resulted in no definitive change to the draft in this area.

The Trainee Appraiser log and Competency of the Supervisors and Trainee Appraisers was discussed. The Trainee Appraiser is responsible for filling out the log, with the Supervisor's signature verifying the accuracy of the experience reported. Discussion about the likelihood that the Trainee Appraiser would be able to identify whether their Supervisor is competent or not, resulted in no suggested changes to the draft of the rules. The explanation given was that in the future the Trainee Appraisers would have to take 90-hours of the core curriculum prior to being registered as a Trainee Appraiser. The definition of Competency per USPAP was discussed. A suggestion about having the Scope of the work that the Appraiser Trainee is responsible for was noted. This discussion resulted in no other additional change to the draft of the rules.

There was discussion about the experience of an applicant for reciprocity or for licensure there was a question regarding any requirements to have a certain number of hours from our state. This was considered to be an extra burden to entry and decided that it was not a good idea.

Temporary practice permits were discussed. The draft of the rules includes a restriction of 10 permits per year per appraiser. After questions arose from the committee, Debra Rudd stated that she would find out what the number of requests per year, per appraiser, has been and is currently happening.

Discussion regarding the section on giving credit for other activities such as teaching a course, auditing a course, attendance at a Board meeting, or an appraisal-related field trip. However, they should not be getting continuing education credit if they are in attendance as a result of being on the agenda. The Rules Committee agreed by consensus that attendance at a meeting should be limited to 3-hours per renewal period. Policies and procedures would be developed by staff to take attendance. Frank Ugenti made a suggestion to make a rule that they attend in the morning session, instead of allowing them to attend any three hours of the meeting, to not be a burden to staff. Auditing courses was discussed and decided that credit would be given for each hour attended by the auditor, but limiting it to a 3-hour minimum and up to 50% of the 28 hours.

Anonymous complaints was discussed and decided to make no change to the current process. Statute of limitations for processing complaints over five years was discussed. No changes to the proposed draft of rules resulted from these two items. Another discussion regarding fines resulted in an answer that this would have to be changed in statute. Another statute change regarding staff or the Executive Director being authorized to not open complaints that are received, if they determine it does not meet a certain criteria.

Confirmation of Meeting Dates, Times and Locations

Debra Rudd reported that the next meeting for Rules Committee will be July 31st here in this room at 9:00 a.m.

Frank Ugenti reported that he wanted to concentrate on Article 2 at the next meeting, and for Debra Rudd to reach out to the AMC stakeholders for comments, and that education would be tackled as soon as Article 2 is finished. Appropriate communications with stakeholders was discussed. Jeanne Galvin recommended that until the Rules Committee has an idea of what they want she did not believe it was prudent. Frank Ugenti reiterated that he wanted comments from the AMC stakeholders. It was decided that a draft of the proposed rules, after it was changed from today's meeting, could be sent out.

The Rules Committee meeting then adjourned at 12:25 p.m.