

## **Minutes**

### **South Carolina Real Estate Appraisers Board**

**Thursday, November 17, 2016 at 9:00 a.m.**

Synergy Business Park, Kingtree Building, Conference Room 105

110 Centerview Drive, Columbia, South Carolina 29210

#### **Meeting Called to Order:**

Jake Knight, Chairman, called the meeting of the South Carolina Real Estate Appraisers Board to order at 09:08 a.m. Other members present for the meeting included: Chris Barczak, Rex Casterline, Michael Dodds, and Ann King

Mr. Knight announced that public notice of this meeting was properly posted at the S.C Real Estate Appraisers office, Synergy Business Park, Kingtree Building, and provided to all requesting persons, organizations, and news media in compliance with Section 30-4-80 of the South Carolina Freedom of Information Act.

Staff members participating during the meeting included: Georgia Lewis, Advice Counsel; Erin Baldwin, Office of Disciplinary Counsel; Malcolm Burton, Office of Investigations; Sharon Wolfe, Office of Investigations; Darra Coleman, Office of Advice Counsel; Laura Smith, Administrator;

Public members present were: Robyn Madden, Robert Goldt, Willie King and Austin Smallwood.

**Pledge of Allegiance** was recited by all present.

#### **Introduction of Board Members and All Other Persons Attending**

All board members, staff and public attendees introduced themselves.

### **Approval of Excused Absences**

#### **MOTION:**

Mr. Casterline made the motion to excuse the absence of Christopher Donato and Andrew Johnson for the reasons given to the Administrator. Mr. Dodds seconded the motion which carried unanimously.

### **Approval of Agenda:**

#### **MOTION:**

Mr. Dodds made the motion to approve the agenda with the removal of Case #2015-13 based upon Ms. Baldwin stating the case was resolved through consent agreement. Ms. King seconded the motion which carried unanimously.

### **Approval of the Minutes from August 18, 2016 meeting**

#### **MOTION:**

Mr. Casterline made the motion to approve the minutes as written. Mr. Dodds seconded the motion which carried unanimously.

### **Chairman's Remarks**

Mr. Knight welcomed all to the meeting. Mr. Knight had two items to discuss.

1. Housing and Subcommittee Meeting

This meeting was held on November 16, 2016 in Washington, DC. This was a two hour hearing discussing the modernization of Appraisals to benefit the American Consumer.

The hearing is available for viewing on YouTube. Mr. Knight recommended others to view the video to be aware of what is going on in the appraisal community.

## 2. Hearing Officer

Mr. Knight suggested designating two backup Hearing Officers in the event a special meeting is called, or absentees of Board members to have a proper Quorum. He suggested designating a Certified General, Certified Residential and any Board Member.

### **Board Overview- Sharon Wolfe, Erin Baldwin, Darra Coleman**

- Darra Coleman explained this training that will be offered every 12-18 months. The purpose is to provide awareness of the complaint process. Ms. Coleman stated this brief training will give insight of the journey of an initial complaint until it actually reaches the Board for a hearing. Information regarding the scope of authority and ethics was also provided.
- Sharon Wolfe provided an explanation of the front end of what takes place during the investigation process.
- Erin Baldwin provided an explanation of the process between the investigative and judicatory roles.

### **Disciplinary Hearings**

#### Case #2014-44

Based upon the Confidentiality Provision Practice Act (40-60-190), this proceeding was closed to the Public. The only exception was for the Advice Counsel that was in the audience to remain for training purposes and the Office of Investigation and Enforcement.

**MOTION:**

Mr. Casterline made a motion to enter Executive Session for the purpose of obtaining legal advice. Mr. Dodds seconded the motion which carried unanimously.

**MOTION:**

Mr. Casterline made a motion to return back to session from Executive Session. Mr. Dodds seconded the motion which carried unanimously.

**MOTION:**

Mr. Casterline made the motion to accept the Memorandum of Agreement and Stipulations, the facts contained therein, and to include mitigation facts from the respondent. The Board agrees this was a Standard 3 Review. The Board does not agree that Standard 1-4(a) was violated, or Standard 2-1(a) applies in a Standard 3 matter. Additionally he moved to dismiss the charges and this matter is to remain sealed. Mr. Dodds seconded the motion which carried unanimously.

Case #2015-13

This Case was resolved and removed from the Agenda.

*(This proceeding was recorded by a court report in order to produce a verbatim transcript if requested in accordance with the law.)*

## New Business

### Approval of the Investigative Review Committee (IRC) Report- Erin Baldwin

The IRC report dated November 3, 2016 was presented for approval. Discussion ensued.

### DISMISS

Case #	Investigator	Initial Complaint Allegations	IRC Logic
2015-42	Malcolm Burton	False or misleading statement on Appraisal.	No Violation. Appropriate rental comps used.
2015-44	Malcolm Burton	Improper Comps	No Violation. Appropriate comps were used.
2015-48	Malcolm Burton	Appraiser value came in \$157,000 below contract price. He used sales from distant areas that are not comparable to the subject's location.	No violation. Appropriate sales comps were used.
2016-3	Malcolm Burton	The appraiser selected sales that are not in the same "weekly rental" area of Surfside beach as subject. The appraiser used excessive adjustments for view. The design of one of the comps is inferior to the subject and should not be used. Complainant submitted 10 recent sales for consideration as better comps than those used in the report.	No Violation. Appropriate sales comps were used.
2016-11	Malcolm Burton	Unlicensed practice	No violation. Subject was personal property not real property.
2016-43	Malcolm Burton	Misconduct	No violation. Report was corrected and final report was accurate.
2016-47	Malcolm Burton	Sanctioned by other Board.	No Violation. Not a statutory violation in South Carolina.

**MOTION:**

Mr. Casterline made a motion to approve the recommendation for dismissal of the seven items listed on the IRC report. Mr. Dodds seconded the motion. The votes carried unanimously

**FORMAL COMPLAINT**

<b>Case#</b>	<b>Investigator</b>	<b>Initial Complaint Allegations</b>	<b>IRC Logic</b>
2015-11	Malcolm Burton	Uniform Standards Violation and Improper comps.	Statute violation
2015-46	Malcolm Burton	Improper comps, improper data source, lack of support for adjustments, incorrect measurements, physical attributes not reported and incorrect license number.	Statute violation
2016-4	Malcolm Burton	Improper comps	Statute violation
2016-58	Laura Smith	Misconduct	Statute violation

**\*\*\*\*Mr. Dodds lead the quorum for Formal Complaints, after Mr. Knight recused himself due to Case 2015-11.**

**MOTION:**

Mr. Casterline made the motion to accept the IRC recommendations in regards to the formal complaints. Mr. Barczak seconded the motion. The votes carried unanimously.

**LETTER OF CAUTION**

<b>Case#</b>	<b>Investigator</b>	<b>Initial Complaint Allegations</b>	<b>IRC Logic</b>
<b>2015-40</b>	Malcolm Burton	False or misleading statement on Appraisal and improper comps	Be mindful of concerns raised by the expert reviewer.
<b>2015-45</b>	Malcolm Burton	Practicing outside scope of practice and uniform standards violation.	Be mindful of retaining copies of every report issued to a client and understanding of how to utilize professional tools.

**MOTION:**

Mr. Casterline made the motion to accept IRC Report for Letters of Caution. Mr. Dodds seconded the motion. The votes carried unanimously and discussion ensued.

**Investigations & Enforcement Update – Erin Baldwin**

**OIE Appraiser’s Board Case Report**

**Cases received January 1, 2016 – November 9, 2016**

<b>Case Statuses</b>	<b>Total</b>
<b>Active Investigation</b>	<b>34</b>
<b>Closed</b>	<b>80</b>
<b>Do Not Open Case</b>	<b>29</b>
<b>Opened</b>	<b>6</b>
<b>Pending Board Action</b>	<b>13</b>
<b>Pending IRC</b>	<b>1</b>
<b>Total</b>	<b>167</b>

**Cases closed January 1, 2016 – November 9, 2016**

<b>Case Statuses</b>	<b>Total</b>
<b>Closed</b>	<b>39</b>
<b>Do Not Open Case</b>	<b>9</b>
<b>Total</b>	<b>48</b>

**Office of Disciplinary Counsel (ODC) Update - Erin Baldwin**

**OGC Case Load Statistics as of November 2, 2016**

<b>Board</b>	<b>Open Cases</b>	<b>Pending actions</b>	<b>Pending CA/MOAs</b>	<b>Pending Hearings</b>	<b>Pending Board Action</b>	<b>Pending Final Orders</b>	<b>Closed</b>
<b>Appraisers</b>	4	0	0	4	0		2
					<b>Closed Cases on or after 8/10/16</b>		2

Ms. Baldwin gave an update on the five cases currently on her desk. Presuming there aren't any issues and this is acceptable by the Board, Ms. Baldwin proposed having a two day meeting scheduled for January 11, 2017 and January 12, 2017 on a rolling docket that will allow open slots to assist with the backlog. Discussion ensued.

**Temporary Practice Fee- Laura Smith**

Ms. Smith researched websites of neighboring states regarding the fees for Temporary Permits. Most neighboring States in exception to Florida is charging at least an \$150.00 fee. Ms. Smith recommended the Temporary Permit fee be raised. The amount and effective date will be at the discretion of the Board.

**MOTION:**

Mr. Dodds made a motion to increase the \$50.00 Temporary Permit fee to \$150.00 effective January 1, 2017. Ms. King seconded the motion. The votes carried unanimously.



### **CE Broker- Laura Smith**

Ms. Smith informed the Board of the CE Broker Program that the Agency currently has on contract to assist with the monitoring and tracking of continuing education courses. She Stated the Appraisers Board will be able to link with the Real Estate Commission due to similarities and hopefully be up and running by first of January. The CE Broker program would increase the CE audit rate from 15% of licensees being audited to a complete 100% audit for the 2018 renewal period. Discussion ensued.

#### **MOTION:**

Mr. Barczak made a motion to accept the CE Broker program to assist with the tracking of continuing education courses. Mr. Dodds seconded the motion. The votes carried unanimously.

### **Criminal Background Checks- Laura Smith**

Ms. Smith provided the names of the three companies that have reached out to conduct background check for applicants. Ms. Smith will be getting with procurement to determine if the bidding process will be needed, or if the current provider SR&I that the Real Estate Commission along with other Boards can be used. Discussion ensued.

#### **MOTION:**

Mr. Casterline made the motion to authorize the Administrator to determine if this Board will be able to use the Procurement Policy obtained by the Real Estate Commission for background checks, or if the Board will need to go through the procurement procedures separately to employ a third party to assist. Mr. Barczak seconded the motion. The votes carried unanimously.

### **Administrators Remarks - Laura Smith**

### 1.) Budget Update - Laura Smith

Ms. Smith shared the budget for the General Appraiser Board and the National Registry fees. The Appraisers General Budget has increased based upon the completion of renewals on June 30, 2016. Discussion ensued regarding the budget and Board news on the website.

### 2.) Licensure Update - Laura Smith

#### Number of Credentials as of November 10, 2016

	<u>ACTIVE</u>	<u>INACTIVE</u>	<u>ACTIVE IN RENEWAL</u>	<u>TOTAL</u>
APPRENTICE	137	0	38	175
LICENSED	137	30	23	190
CERTIFIED RESIDENTIAL	947	54	98	1099
CERTIFIED GENERAL	909	32	154	1095
LICENSED MASS	48	1	10	59
CERTIFIED RESIDENTIAL MASS	64	3	8	75
CERTIFIED GENERAL MASS	<u>28</u>	<u>2</u>	<u>1</u>	<u>31</u>
TOTAL	2270	122	332	2724
TEMPORARY PERMITS	ISSUED IN 2015		206	
	ISSUED IN 2016		209	

Discussion ensued regarding licensees have until June 30, 2017 to renew with late fees.

### 3.) AARO Conference

Discussion ensued regarding proposed educational and experience changes that was discussed during the October 2016 AARO Conference.

#### **4.) Task Force- Review of Statute and Regulations**

Ms. Smith recommended setting up a new Task Force to begin looking at Statues and Regulations for 2017.

### **Unfinished Business**

#### **Appraisal Management Company (AMC) Bill**

Mr. Knight stated the parties now have two issues that they are trying to negotiate before moving to the State House. The Bill is going forward.

#### **Appraisal Fee Study Information**

Procurement is now preparing for the bidding process to proceed with moving forward with the fee study.

#### **Executive Session- Licensing procedures**

.

**MOTION:**

Mr. Casterline made the motion to enter Executive Session to obtain legal advice for licensing issues with both Administration and the Office of Disciplinary Counsel present. Mr. Barczak seconded the motion which carried unanimously.

**MOTION:**

Mr. Casterline made the motion to return from Executive Session. Mr. Dodds seconded the motion which carried unanimously.

**Public Comments**

None.

**Adjournment**

Mr. Casterline made the motion to adjourn the meeting at 3:40pm. Mr. Dodds seconded the motion which carried unanimously. The next Real Estate Appraisers board meeting is scheduled for January 11 and 12, 2017.