

## **REAL ESTATE APPRAISER ADVISORY COMMITTEE**

Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii

### **MINUTES OF MEETING**

The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Section 92-7(b), Hawaii Revised Statutes.

Date: Wednesday, December 6, 2017

Time: 10:00 a.m.

Place: King Kalakaua Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Present: Richard Stellmacher, Industry Member, Chairperson  
Brian J. Walther, Industry Member, Vice-Chairperson  
Lars B. Larson, Financial Institution Member  
George Leong, Financial Institution Member  
Shelly H. Tanaka, Industry Member  
James Paige, Deputy Attorney General (“DAG”)  
Alan Taniguchi, Executive Officer  
Lori Nishimura, Secretary

Guests: Cathy Putegnat, Homestead Appraisals  
Neal Fenochietti, Appraisal Subcommittee  
Claire Brooks, Appraisal Subcommittee  
Colin Lau, Paradise Park  
Keith Yamashita, City and County of Honolulu  
Lee Ideoka, City and County of Honolulu  
Steven Takara, City and County of Honolulu  
Lee Agsalum, City and County of Honolulu  
Ryan Ota, City and County of Honolulu

Call to Order: There being a quorum present, the meeting was called to order at 10:00 a.m. by Chairperson Stellmacher.

Approval of the August 9, 2017 Meeting Minutes: After discussion, it was moved by Ms. Tanaka, seconded by Vice-Chairperson Walther, and unanimously carried to approve the August 9, 2017 meeting minutes as circulated.

New Business:      a.      Review of Courses

After discussion, it was moved by Ms. Tanaka, seconded by Mr. Larson, and unanimously carried to ratify the approval of the following CAP approved courses:

**Course Provider: OnCourse Learning Corporation  
d.b.a. Career Webschool**

Index #:    Course Title & Approved Hours:

17-050    A URAR Form Review  
7 CE

17-051    Basic Appraisal Principles  
30 QE w/exam  
30 CE w/exam  
28 CE w/o exam

17-052    Residential Report Writing & Case Studies  
15 QE w/exam  
15 CE w/exam  
14 CE w/o exam

**Course Provider: McKissock, LP**

Index #:    Course Title & Approved Hours:

17-053    Income Approach Case Studies for Commercial  
Appraisal  
4 CE

17-054    The Basics of Expert Witness for Commercial  
Appraisers  
7 CE

17-055    National USPAP Update (2018-2019)  
7 CE

17-056    2018-2019 7-Hour National USPAP Update  
Course  
7 CE

- 17-057 2018-2019 7-Hour USPAP Update for Non-Residential Property  
7 CE
- 17-058 2018-2019 National 15-Hour USPAP Update Course  
15 QE w/exam  
15 CE w/exam  
14 CE w/o exam

b. Speaker Emeritus Calvin Say – Constituent Request regarding Real Property Tax Assessment

Committee Chairperson Stellmacher stated the Committee has been requested “for declaratory decision” regarding real property tax assessment from Speaker Emeritus Calvin Say on behalf of his constituent, Colin Lau.

Mr. Lau provided a brief summary regarding his appeal of an assessed valuation as a taxpayer representative (for his employer). Mr. Lau stated the City of Honolulu tax office (“tax office”) accused him of violating HRS chapter 466K (for forming an opinion of value when he is not a licensed appraiser). The Board of Review questioned if the tax office may also be in violation of HRS chapter 466K when they rendered an appraisal of value when they are not appraisers.

Tax office representatives provided a brief summary on the appeal with the Board of Review and commented that a taxpayer may have representation, but Mr. Lau had an opinion of value and wanted to change the value given by the taxpayer, which is not allowed. Mr. Lau commented that he provided comparable information on other properties. He further commented that the tax office is inconsistent as he has made numerous appeals in the past and this is the first time the tax office is accusing him of violating HRS chapter 466K.

It was noted that the Board of Review is a fact-finding group to determine which party is correct.

Chairperson Stellmacher commented that real property assessors are exempt pursuant to HRS chapter 466K and that they render values?

At 10:37 a.m., it was moved by Ms. Tanaka, seconded by Mr. Leong, and unanimously carried to enter into executive session to consult with the Committee's attorney on questions and issues pertaining to the Committee's powers, duties, privileges, immunities, and liabilities in accordance with HRS section 92-5(a)(4).

#### EXECUTIVE SESSION

At 11:02 a.m., it was moved by Vice-Chairperson Walther, seconded by Ms. Tanaka, and unanimously carried to move out of Executive Session.

After discussion, Chairperson Stellmacher stated that the consensus of the Committee was that they will not make any ruling about this situation, rather the Committee will address the two (2) questions queried by Speaker Emeritus Calvin Say:

- 1) "Whether a taxpayer representative (employee of taxpayer) appealing a tax assessment on behalf of the taxpayer as outlined above has to be licensed as appraisers pursuant to 466K, HRS?"

An opinion of value falls under the definition of an appraisal; thereby, falls under the scope of practice of a licensed appraiser.

- 2) "Whether the Board of Review is itself subject to the licensure requirements of 466K, HRS?"

Pursuant to HRS section 466K-4)(b): this section shall not apply to any real estate appraiser employed by any county for purposes of valuing real property for ad valorem taxation.

Chairperson Stellmacher thanked both parties for attending today's meeting.

Correspondence: a. October 24, 2017 email from Cathy Putegnat regarding Mixed Use Appraisal

Chairperson Stellmacher stated the Committee has received an email inquiry from Ms. Putegnat to discuss and determine

issues regarding mixed use appraisal. Ms. Putegnat presented her questions to the Committee:

Is a property considered mixed use when:

- 1) Single family home with almost 50% of the property being used as a care home facility with income generation?
- 2) Home is being sold and business is being sold at the same time to the new buyer?

Can a CRA appraise this type of property when:

- 1) The lender's scope of work is for residential use only?
- 2) The lender's scope of work includes the income generation portion?

Vice-Chairperson Walther commented her questions should be addressed by the lender, who may want to consider what is highest and best use, and to look at comparable sales. Chairperson Stellmacher commented it is up to the lender.

After discussion, the consensus of the Committee was to take no action on this matter. Ms. Putegnat commented that she did "pass on the job".

#### The Appraisal Subcommittee:

Claire Brooks and Neal Fenochietti, Policy Mangers from the Appraisal Subcommittee ("ASC") were introduced and welcomed by the Committee. Mr. Fenochietti gave a brief history and purpose of the ASC which oversees the appraisal regulatory programs established by States.

Mr. Fenochietti stated the bi-annual audit has been completed. He stated that they are no longer releasing their preliminary findings from the completed audits and that findings from this audit will be made available in the final document (public document).

Executive Officer Taniguchi mentioned that the newly established regulatory Program - Appraisal Management Companies has been assigned to Executive Officer Constance Cabral.

Chairperson Stellmacher thanked Mr. Fenochietti and Ms. Brooks.

Announcements: Executive Officer Taniguchi informed the Committee of the 2018 meeting dates and requested members to let him know if they had any schedule conflict(s).

Next Meeting: Wednesday, February 7, 2018  
10:00 a.m.  
Queen Liliuokalani Conference Room  
King Kalakaua Building  
335 Merchant Street, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

Adjournment: There being no further discussion, the meeting adjourned at 11:23 a.m.

Taken and recorded by:

/s/ Lori Nishimura

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Lori Nishimura  
Secretary

Reviewed and Approved by:

/s/ Alan Taniguchi

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Alan Taniguchi  
Executive Officer

AT:ln

01/18

[ X] Minutes approved as is.

[ ] Minutes approved with changes. See Minutes of \_\_\_\_\_.