

NORTH DAKOTA REAL ESTATE APPRAISER QUALIFICATIONS AND ETHICS BOARD

MINUTES

Board Meeting –October 31, 2013 - Radisson Hotel, 605 E Broadway, Bismarck ND 58501

Chairperson Ibach called the meeting to order. Chairperson Ibach welcomed new Board member Kathy Maier. Roll call was taken.

Board Members present:	Chairperson Joseph Ibach	Tim Timian
	Kathy Maier	Harvey Huber
	David Lanpher	
Staff Present:	Edward Erickson, Legal Counsel	Jodie Campbell
		David Campbell
Others Present:	Philip McKenzie	Marty Knudson
	Rob Knoll	Dennis Huber
	F. Nick Boutrous	Steven Vetter
	Robert Woods	Jill Beck
	Dan Toy	Nancy Willis
	Eric Olson	Tom Raynor
	Gary Emter	Keana Schuler
	Neil Heringer	Nicholas Duchscher, online
	Ryan Oberg	Gordon Christianson, online
	Bruce Knudson	Kimberly Vachal, online
	William Gion	Mark Thelen, online

Minutes: Board members reviewed the minutes of June 27, July 7 and September 25th . One correction was noted in the June 27th minutes: 1) page 3, line 1 should read “believed”. Tim Timian moved to approve the minutes as amended. Harvey Huber seconded the motion. Tim Timian, Kathy Maier, Harvey Huber, Dave Lanpher and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

Investigations:

Inv 212-116: A signed Settlement Agreement between the Board and Marty Knudson required Mr. Knudson submit an experience log in the first six months of probation. The Agreement further authorized the Board to make a selection from the log for review for compliance with USPAP. At the meeting of June 27^t, two appraisals were selected for review. Mr. Knudson submitted the requested reports and an independent review was completed. Mr. Knudson and his supervising appraiser, Bruce Knudson, were present for discussion. Board members discussed the reviews with Mr. Knudson and his Supervisor.

Discussion concluded. Tim Timian moved to approve the reports as meeting the minimum requirements as set forth in USPAP. Kathy Maier seconded the motion. Tim Timian, Kathy Maier, Harvey Huber, Dave Lanpher and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

Chairperson Ibach turned the Chair over to Harvey Huber.

Inv 213-124: Board members reviewed the complaint. Joe Ibach recused himself. The complaint appears to involve timeliness, unprofessionalism and lack of communication with the clients. Based on the complaint, the appraiser confirmed that he could complete an appraisal. However, no appraisal was delivered. Discussion took place. Based upon the information provided, the Board determined there was a reasonable basis to believe a violation has occurred. Tim Timian made a motion to move forward with the complaint process. Dave Lanpher seconded the motion. Dave Lanpher, Harvey Huber, Tim Timian and Kathy Maier all voted yes to the motion. Joe Ibach recused himself from voting. Motion carried.

Discussion proceeded. The appraiser provided a response to the complaint. However, the response does not provide enough information to address the concerns outlined in the complaint. Staff informed the Board that this appraiser had a complaint filed against him in 2012 and is currently under a Settlement Agreement with the Board. The 2012 complaint involved timeliness, unprofessionalism, and lack of communication with the client.

Discussion continued. Looking at the timeline of this current investigation relative to the Signed Settlement Agreement, this matter took place after the signed Settlement Agreement, yet the same issues are in question. The Board's job is to protect the public. Based on this complaint, the appraiser's lack of communication could potentially cause damage to the developer. Therefore, it appears the conditions required under the current Settlement Agreement have not assisted the appraiser in correcting the issues of lack of professionalism or communication. The Board members struggled with how to proceed. A decision was made to hold the complaint over for consideration at the next meeting to allow the Board members to further review the information discussed at this meeting.

Dave Lanpher moved to table the complaint until the December 5th meeting. Tim Timian seconded the motion. Dave Lanpher, Harvey Huber, Tim Timian and Kathy Maier all voted yes to the motion. Joe Ibach recused himself. Motion carried.

Inv 213-122: The appraisal in question was part of a court case. The Complainant is an appraiser who was involved in the court case, having completed an appraisal on the same property as the appraisal in question. A Board member questioned whether it would be helpful to request a review of the appraisal completed by the Complainant. Dave Lanpher moved to request a review of the appraisal completed by the Complainant. Kathy Maier seconded the motion.

Discussion took place. Joe Ibach recused himself from discussion. Some of the issues considered included: 1) The review on the report in question should stand on its own merits; 2) A review of the Complainant's report will not determine whether the report complained upon is correct; 3) Legal Counsel cautioned the Board in creating a situation where the individual making the complaint is being investigated; 4) There has been no complaint filed relative to this appraisal and therefore no grounds for review and 5) Taking an action of this nature may discourage appraisers from filing a complaint.

Dave Lanpher moved to withdraw his motion. Kathy Maier seconded the motion. Tim Timian, Kathy Maier, Harvey Huber and Dave Lanpher all voted yes to the motion. Joe Ibach recused himself from voting. Motion carried.

Joe Ibach resumed as Chair.

Staff provided an update on Settlement Agreements.

Rules: Legal Counsel provided a brief overview of what the Board must address in Rules relative to 43-23.5, the regulation of Appraisal Management Companies. 1) At a minimum the Board needs to set fees. 2) Legal Counsel indicated that the Board may require surety bond by rule. However, if the Board does not set the amount of the bond it cannot be required (the bond may not exceed \$25,000). Fees will be discussed at the upcoming December 5th meeting. The goal is to have Rules in place to begin registering AMC's by September 1, 2014.

Applicants for Approval:

Applicant for Temporary Practice: Mr. John Larson has made application for a temporary permit. Review of the ASC National Registry indicates Mr. Larson is currently on probation in California, effective 4/19/12-4/18/14. NDCC 43-23.3-04.1 and 43-23.3-22.1b, and Title 101-02-02.1-02.2a gives the Board the authority to deny an application if the applicant is under disciplinary action in another state.

Based on the actions taken by the State of California, Dave Lanpher moved to deny Mr. Larson's application for a temporary permit. Tim Timian seconded the motion. Tim Timian, Kathy Maier, Harvey Huber, Dave Lanpher and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

Correspondence - Applications via Reciprocity: Every State under goes a Compliance Review by the Appraisal Subcommittee (ASC) for compliance with Title XI. At the conclusion of the Compliance Review the State is provided a rating. The State of Illinois has received a "noncompliance" rating. Therefore, the following question was posed to the ASC: Is it permitted for a State to recognize another State's appraisers for credentialing through reciprocity and temporary practice when that State has a State Compliance Review rating of "not in compliance" or "poor"?

The ASC response:

Reciprocal Applicant: If the "Home State" of the appraiser is not Title XI compliant the State may deny the applicant. However, the State has the option to have a more open policy and accept the applicant regardless of the rating.

Temporary Practice Applicant: A State may not deny an applicant for temporary practice based on the Home State's Compliance Review rating

Discussion took place. Tim Timian made a motion for the Board to set a policy. If an appraiser from a State that has received a rating of "not in compliance" or "poor" makes application in ND via reciprocity Staff will research, report and keep record of the basis of the rating. If it is determined that the rating is due to issues not related to the credentialing process for licensure or certification, the credentialed appraisers from that State should not be penalized. Harvey Huber seconded the motion. Dave Lanpher, Harvey Huber, Tim Timian, Kathy Maier and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

Correspondence-Apprentice Appraiser Co-signing Reports: Dave Campbell questioned John Brenan, Director of Appraisal Issues with the Appraisal Foundation regarding whether an apprentice appraiser should be signing the certification page of an appraisal report. Mr. Campbell referenced Advisory Opinion 31 whereby examples are provided indicating that an appraiser should not sign a certification, as doing so would suggest a level of competence that is beyond the apprentice's existing competency level.

Mr. Brenan concurred, *"It would not be appropriate for anyone (apprentice or "veteran" appraiser) to sign a certification accepting full responsibility for the contents of an appraisal report if they did only perform a portion of the assignment. This would be further exacerbated...by an apprentice or trainee who quite simply does not have the competency or expertise to complete all aspects of the assignment."*

Applicant for Licensure: Steven Vetter is making application for licensure and was present online for discussion. Review of Mr. Vetter's application indicates he meets the education, experience hours and examination requirements for licensure. Based on review of work product and discussion with Mr. Vetter, the Board determined that Mr. Vetter has demonstrated a working knowledge for the licensed level. Tim Timian moved to approve Steven Vetter for licensure. Dave Lanpher seconded the motion. Dave Lanpher, Harvey Huber, Tim Timian, Kathy Maier and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

Nicholas Duchscher is making application for certified residential and was present online for discussion. Review of Mr. Duchscher's application indicates he meets the education, experience hours and examination requirements for certification. Based on review of work product and discussion with Mr. Duchscher, the Board determined that Mr. Duchscher has demonstrated a working knowledge for the certified residential level. Kathy Maier moved to approve Nicholas Duchscher for certified residential. Harvey Huber seconded the motion. Dave Lanpher, Harvey Huber, Tim Timian, Kathy Maier and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

Educational Reviews: As part of the Board's educational review process, independent reviews were completed on reports submitted by two apprentice appraisers, Rob Knoll and Kimberly Vachal. Board members reviewed and discussed the reviews with Mr. Knoll and Ms. Vachal. The Board encouraged the appraisers to utilize the reviews and Board comments to assist when completing future reports.

Permits Issued/Require Board approval: Staff reviewed, approved and issued permits to the following applicants:

Certified General: William A. Burrows (via reciprocity with MN) Tom T. Nelson (via reciprocity with MN)
David S. Reach (via reciprocity with MN) Randy K. Robertson (via reciprocity with MT)

Certified Res: Cassandra A. Galland (via reciprocity with WA)

Apprentice: Derek R. Mosset Casey J. Olson Douglas R. Preskey
Leah J. Reynolds Jaret L. Thompson

Dave Lanpher moved to affirm all applicants for their respective levels. Tim Timian seconded the motion. Tim Timian, Kathy Maier, Harvey Huber, Dave Lanpher and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

Finances: Board members were provided current income and expense information. Discussion took place. Harvey Huber moved to approve finances as submitted. Dave Lanpher seconded the motion. Dave Lanpher, Kathy Maier, Harvey Huber, Tim Timian and Joe Ibach all voted yes to the motion, the vote was unanimous. Motion carried.

Education: The following educational offerings have been submitted for Board approval:

ASFMR:

- 7 Hour National USPAP Course 2014-2015(7 hrs CE)
- Cost Approach for General Appraisers (30 hrs QE)
- Income Approach for General Appraisers, Part I (30 hrs QE)

Appraisal Institute:

- Review Theory-Residential (17 hrs w exam/15 hrs w/o CE)
- Review Theory-General (33 hrs w exam/30 hrs w/o CE)
- Litigation Assignments for Residential Appraisers (4 hrs CE)
- International Valuation Standards Review (8 hrs w exam/ 7 hrs w/o CE)
- Unraveling the Mystery of Fannie Mae Appraisal Guidelines (4 hrs CE)
- 7-Hour National USPAP Update Course 2014-2015 (7 hrs CE)
- Advanced Market Analysis and Highest & Best Use (15 hrs QE)
- 15-Hour National USPAP Course 2014-2015 (15 hrs QE)

Dellworks Residential Services:

- Fundamentals of Relocation Appraising (7 hrs CE)

Kaplan:

- Judge and Jury: What Would you Do? (3.75 hrs CE)
- 7-Hour National USPAP Update Course 2014-2015 (7 hrs CE)
- 15-Hour National USPAP Course 2014-2015 (15 hrs QE)

McKissock:

- 2014-2015 7-hour National USPAP Update Course (7 hrs CE)
- Environmental Issues for Appraisers (5 hrs CE)
- Even Odder-More Oddball Appraisals (7 hrs CE)
- Mortgage Fraud: Protect Yourself (7 hrs CE)
- National USPAP Update (2014-2015) (7 hrs CE)
- Residential Appraisal Review (7 hrs CE)
- The Green Guide to Appraising-Live Webinar (7 hrs)
- The Income Approach (6 hrs CE)
- Advanced Residential Applications & Case Studies (25 hrs QE)
- Commercial Appraisal Review-Subject Matter Electives (15 hrs QE)
- Expert Witness for Commercial Appraisers-Subject Matter Electives (15 hrs QE)
- General Appraiser Market Analysis Highest & Best Use- (30 hrs QE)
- General Appraiser Sales Comparison Approach – (30 hrs QE)
- General Report Writing and Case Studies – (30 hrs QE)
- General Appraiser Site Valuation & Cost Approach (30 hrs QE)
- Residential Market Analysis and Highest & Best Use (15 hrs QE)

NDAAO:

- Introduction to Income Approach (36 hrs CE)

Tim Timian moved to approve the above listed education for their respective hours, as appraisal specific. Dave Lanpher seconded the motion. Harvey Huber, Tim Timian, Kathy Maier, Dave Lanpher and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried

Other Business:

- The Appraisal Subcommittee has scheduled State Compliance Review for June 23-25, 2014.
- Staff and Chairperson Ibach provided a brief summary of the Fall AARO conference.

Chairperson Ibach called for adjournment.

Respectfully submitted,

Jodie R. Campbell, Executive Secretary