Chairperson Lanpher called the meeting to order at 9:00 AM. Roll call was taken.

Board Members present:  Chairperson Dave Lanpher    Tim Timian
                      Kathy Maier        Corey Kost
                      Brock DesLauriers present online
Staff Present:        Jodie Campbell    David Campbell
Legal Counsel present: Edward Erickson
Guests Present:       Ross Berg   Joe Sumers
                      Dan Toy   Taylor Siverson
Guests Present Online: Tonia Dosch Kathy Berry

Public Comment Period: No comments.

Minutes: Board members reviewed the minutes of September 25 and October 4, 2017. Corey Kost moved for approval of the minutes. Tim Timian seconded the motion. Tim Timian, Kathy Maier, Brock DesLauriers, Corey Kost and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

Applicants:
Applicants making application for Inactive Status:
   Frank Klein (CG)
   Mark McDermott (CG)
   Kimberly Vachal (CG)
Kathy Maier moved to approve the applicants for Inactive Status. Tim Timian seconded the motion. Corey Kost, Brock DesLauriers, Tim Timian, Kathy Maier and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

Permits Issued/Require Board approval:
Staff reviewed, approved and issued permits to the following applicants:
Apprentice: Matthew M. Western
Certified General:
-Jesse S. Crosby (Reciprocity with WY)
-Bethany K. Toews (Reciprocity with MT)
-Bryan E. Younge (Reciprocity with IA)
-William Wright (Reciprocity with TX)
Kathy Maier moved to affirm the applicants for their respective levels. Corey Kost seconded the motion. Tim Timian, Kathy Maier, Brock DesLauriers, Corey Kost and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

Investigative Issues: The New Mexico Real Estate Appraiser Board has issued a revocation order against Ellen Sullivan, a NM certified appraiser. Ms. Sullivan also holds a ND certified general appraiser permit. Staff contacted the New Mexico Appraiser Board requesting a copy of the Order. Board members were provided a copy of the findings. Discussion took place. Title 101-03.1-01-01.8 authorizes the Board to take disciplinary action on or deny an appraiser's permit if the appraiser has been disciplined in another state. Tim Timian moved to direct Staff to address a letter to Ms. Sullivan requesting a response to the allegations filed in New Mexico. Corey Kost seconded the motion. Tim Timian, Kathy Maier, Brock DesLauriers, Corey Kost and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried. Staff was directed to address a letter to Ms. Sullivan requesting a response within 20 days.
Investigations:
Inv 214-141: As part of a Settlement Agreement Tonia Dosch was required to complete a demonstration report on the property that was the basis of the investigation, for Board review. Ms Dosch was online for discussion.
Tim Timian made a motion to move into Executive Session. Legal Counsel indicated there was no legal basis to do so. The Board then moved forward with discussion. Some of the issues discussed included: 1) report does not appear to fully recognize or reasonably adjust for the fact that the subject was a waterfront property; 2) no land sales included in report or work file to support land value; 3) no analysis or reconciliation in report or work file to support value; 4) no statistical data communicated in report or work file to support price per square foot; and 5) no support for depreciation was included in report or work file. A number of the issues noted by the Board relate to Standard 2; the report and work file do not include analysis and support for adjustments nor analysis and reconciliation of land value. In addition, Board members found that a number of issues found in the demonstration report provided were the same issues found in the initial appraisal in question.

The initial appraisal completed by Ms. Dosch, and the basis of the investigation, was a report of a complex property. Completing an appraisal of this type is outside the scope of work of her licensed level permit. A suggestion was made to review work product relating to Ms. Dosch's licensure level.

Kathy Maier made a motion to amend Ms. Dosch's initial settlement agreement to require Ms. Dosch complete and submit 2 appraisals of non-complex properties that include the cost approach. The reports should be submitted within 3 months of signing the agreement and would be for Board review.

Corey Kost seconded the motion with an amendment to include completion of the AQB 4-hour course on Report Writing versus Forms. Kathy Maier agreed to the amendment.

Discussion continued with questions as to whether the Board is acting in best interest of the public. Ms. Dosch was provided a review and Board comments at the meeting of 6/23/17. The same issues found in the initial report are found in the demonstration report. USPAP requires the appraiser's report convey sufficient information to allow the intended user to understand it the where conclusions are coming from. The report and work file are lacking in analysis and reconciliation. A review of her demonstration report indicates Ms. Dosch may be lacking in the basics of appraising.

Corey Kost moved to further amend the motion to include the following offer of settlement: Ms. Dosch must 1) complete a 4-hour course on Report Writing versus Forms within 30 days of execution of the agreement, 2) submit an experience log for the next 6 months, 3) a selection of two reports will made from the log for Board review. Kathy Maier agreed to the amendment.

Chairman Lanpher called for the vote. Corey Kost, Brock DesLauriers, Kathy Maier and Dave Lanpher all voted yes to the motion. Tim Timian voted no to the motion. Motion carried. Board members encouraged Ms. Dosch to align herself with a mentor.

Update on Pending Investigations: Edward Erickson, legal counsel for the Board, was in attendance to provide an update. Pending correspondence is behind due to Staff reductions in the Attorney General's office. He is currently working on correspondence relating to proposed settlement offers. Thelen and Hraba investigations have been forwarded to litigation division. Mr. Erickson will look into the status.

Proposed AMC Rules Update: AMC Rules are scheduled to be heard before the Administrative Rules Committee on December 5. Staff is preparing testimony. Chairman Lanpher will be in attendance to provide the testimony.

Staff Investigator/Reviewer: The Board is in the process of redefining the Review-Investigative process. The process is to include a Staff Investigator/Reviewer as a central figure to communicate with the Board/investigators/appraiser. The Staff Investigator/Reviewer would provide a recommendation to the Board.

Board members discussed and questioned Legal Counsel as to whether the Staff Investigator/Reviewer would fall under the umbrella of the Board/Statute. Legal Counsel indicated that, as long as the Staff Investigator is an arm of the Board, the Investigative/Reviewer is covered by Statute. Discussion then turned to USPAP. Staff Investigator/Reviewer, under the Board's umbrella, would not be required to complete a Standard 3 review.
Staff provided a draft of a Staff Investigator/Reviewer. Recommendations were discussed. Staff will make the revisions for discussion at the next face-to-face meeting.

**Banking Legislation:** The Senate Banking Committee recently released banking modernization legislation, which included a section to exempt certain loans in 'rural' locations from an appraisal if the loan amount is below $400,000. Section 103: Access to Affordable Mortgages reads:

"This section provides a tailored exemption from appraisal requirements under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 for certain mortgage loans with a balance of less than $400,000 if the originator is unable to find a State certified or State licensed appraiser to perform an appraisal after a good faith effort to do so."

Board members discussed the legislation and determined no action is required as the legislation is not within the Board's purview.

**Fall AARO Conference Update:** Staff, Corey Kost and Kathy Berry, Investigative Reviewer for the Board attended the Fall AARO conference in DC. Attendees received updates from the Appraisal Foundation, the AQB, ASB and ASC. The proposed changes to the criteria were discussed in detail throughout the conference. Breakout sessions per job function allowed attendees to address topics pertinent to that job function. Attendees also heard from Federal Financial Regulators regarding policy updates, as well as an Active Shooter Presentation. The Fall Conference includes election of officers and AARO Board members. Corey Kost was elected Alternate Director to AARO Board. The Spring Conference is scheduled for May 4-6 in Seattle.

**AQB 4th Exposure Draft to the Appraiser Criteria:** The AQB has issued a 4th Exposure draft on proposed changes to current appraiser licensing and certification criteria. Written comments can be submitted until 1/12/18. Discussion took place. Board members agreed to offer the following comments:

1) The AQB removed the Practical Application of Real Estate Appraisal (PAREA) from this Exposure Draft to further research the concept. Board members are in support of further research into this concept. Finding a supervisory appraiser willing to supervise an apprentice may be one of the most significant barriers to entry into the appraisal profession, the PAREA concept has the potential to address this barrier in a manner that would also protect the public trust.

2) The Board is not in support of removing all college-level education requirements for the licensed level, the current requirements for licensure do not appear to be significant barriers to enter the profession.

3) The AQB is proposing the completion of 30 specific college semester credit hours, or a demonstration of knowledge through CLEP exams for the "certified residential" appraiser. The Board proposes this same minimum educational requirement for the "licensed" level.

Corey Kost will work with Staff to draft a letter of comment to forward to the AQB.

**Board Goals for 2018:**
1) Registration of AMC's; 2) Hiring of Staff Investigator/Review; and 3) Implementation of online renewal process via GL Suites.

**Board meeting Schedule for 2018:**
A June 28th meeting has already been scheduled in Bismarck to accommodate the ASC’s 2-Year review of ND's State Appraiser Regulatory Program. Chairman Lanpher and Staff will work on dates/locations for the remainder of the 2018 quarterly meetings and look to Board members for approval.

Chairman Lanpher called for adjournment.

Respectfully submitted,

Jodie R. Campbell
Executive Secretary