

# NORTH DAKOTA REAL ESTATE APPRAISER QUALIFICATIONS AND ETHICS BOARD

December 15, 2014 MINUTES  
Holiday Inn, Fargo ND

Chairperson Ibach called the meeting to order at 9:00M. Roll call was taken.

Board Members present:	Chairperson Joseph Ibach	Tim Timian
	Kathy Maier	Brock DesLauriers
	David Lanpher	
Staff Present:	Edward Erickson, Legal Counsel	Jodie Campbell
		David Campbell
Others Present:	Marit Eriksmoen	Karmyn TeSoro, online
	Rose Hoefs	Duane Buschta, online
	Eric Oberg	Neil Heringer, online
	Kathy Berry	Kurt Kielisch, online
	Jeff Mangeon	Josh Clason, online
	Aaron Abaurrea	John Hraba, online

**Public Comment:** No comments.

**Minutes:** Board members reviewed the minutes of November 17 and November 25, 2014. Tim Timian moved to approve the minutes. Dave Lanpher seconded the motion. Tim Timian, Kathy Maier, Brock DesLauriers, Dave Lanpher and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

**Supervisory Issues:** At the meeting of September 30, 2014, the Board moved to open an investigation on Neil Heringer, based on the fact that there is reasonable basis to believe reports submitted by Ryan Oberg and signed by Mr. Heringer as supervisory appraiser did not meet the minimum Standards of USPAP. The Board requested Mr. Heringer respond to the deficiencies noted through the review process. Mr. Heringer provided a written response and was online for discussion. Discussion took place. Collectively, the numerous issues noted in the reviews were of concern. However, there were two of particular concern: 1) the appraisers did not recognize special assessments and 2) a number of comparables used were listed as selling significantly above the asking price and the appraisers provided no explanation.

Based on the reviews, response and discussion with Mr. Heringer, Kathy Maier moved for a conditional dismissal, the terms to include successful completion of a sales comparison approach class. Discussion continued. In his response, Mr. Heringer stressed that he has already begun to take steps to improve his current work product. However, the reviews still indicate violations of USPAP. Ms. Maier withdrew her motion.

Based on the reviews, response and further discussion with Mr. Heringer, Dave Lanpher moved for conditional dismissal. Mr. Heringer must 1) complete a class relating to the sales comparison approach and 2) after completion of the sales comparison class Mr. Heringer must submit a log from which two appraisals will be selected for review for compliance with USPAP. Upon completion of the terms of the agreement, the investigation will be dismissed. A conditional dismissal is not reported to the national registry.

Brock DesLauriers seconded the motion. Dave Lanpher, Brock DesLauriers, Kathy Maier, and Joe Ibach voted yes to the motion. Tim Timian voted no to the motion. Motion carried.

At the meeting of August 20, 2014, the Board moved to open an investigation on Aaron Abaurrea, based on the fact that there is reasonable basis to believe reports submitted by Eric Zink and signed by Mr. Abaurrea did not meet the minimum Standards of USPAP. The Board requested Mr. Abaurrea respond to the deficiencies noted through the review process. Mr. Abaurrea provided a written response and was present for discussion. Discussion took place. Some of the areas of major concern included: 1) verification of comparables; 2) lack of analysis/explanation [highest and best use, prior sales; adjustments]; 3) lack of support for site value; 4) a basic lack of support and comment throughout the approaches; and 5) geographic competency.

Based on the reviews, response and discussion with Mr. Abaurrea, Tim Timian made a motion to move forward with filing a formal complaint against Aaron Abaurrea. Kathy Maier seconded the motion. Brock

DesLauriers, Kathy Maier, Tim Timian and Joe Ibach voted yes to the motion. Dave Lanpher voted no to the motion. Motion carried.

Discussion continued regarding the offering a settlement agreement. Mr. Abaurrea indicated he understands there are areas in his reports that require improvement and areas that need further clarification. However, he does not believe his reports to be misleading. He has taken the comments from the reviewer as constructive and will continue to take steps to improve his work product. Board members took a short break.

The Board meeting resumed. Tim Timian moved to rescind his motion to file a formal complaint. Kathy Maier seconded the motion. Tim Timian, Kathy Maier, Brock DesLauriers, Dave Lanpher and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

Kathy Maier moved for conditional dismissal based on Mr. Abaurrea meeting the following terms: 1) Mr. Abaurrea must successfully complete three courses; a) the sales comparison approach, b) the cost approach, and c) report writing (each course must be a minimum 15 hours); 2) after completion of the required education Mr. Abaurrea must submit an experience log from which three reports will be selected for review for compliance with USPAP; 3) the review costs are to be paid by Mr. Abaurrea; and 4) if there are no valid complaints filed against Mr. Abaurrea within the next 36 months from the date of his experience log. Upon completion of the terms of the agreement, the investigation will be dismissed. A conditional dismissal is not reported to the national registry.

Tim Timian seconded the motion. Brock DesLauriers, Kathy Maier, Tim Timian and Joe Ibach voted yes to the motion. Dave Lanpher voted no to the motion. Motion carried.

At the meeting of February 27, 2014, the Board opened an investigation on Josh Clason, based on the fact that there is reasonable basis to believe reports submitted by John Nadasi and signed by Mr. Clason as supervisory appraiser did not meet the minimum Standards of USPAP. The Board requested Mr. Clason respond to the deficiencies noted through the review process. Mr. Clason provided a written response and was online for discussion. Discussion took place. Numerous consistent deficiencies in reporting and analysis were noted in the reviews. Some of the areas of particular concern included: 1) lack of support for land value; 2) wide range of values with no explanation; 3) lack of rationale for adjustments and 4) issues relating to depreciation and obsolescence. Mr. Clason indicated he is committed to and based on the reviews has taken steps to improve his work product. He also indicated he is no longer certified in ND and has no plans to work here.

Based on the reviews, response, and discussion with Mr. Clason. Dave Lanpher moved for conditional dismissal. Mr. Clason must meet the following terms: 1) successfully complete two courses; a sales comparison approach class and a cost approach class (each course must be a minimum 15 hours) and 2) payment of a \$1200 fine; 3) Should Mr. Clason return to work in ND he will be required to submit an experience log from which two reports will be selected for review for compliance with USPAP. The review costs would be the responsibility of Mr. Clason. Upon completing the terms of the agreement, the investigation will be dismissed. A conditional dismissal is not reported to the national registry

Tim Timian seconded the motion. Dave Lanpher, Brock DesLauriers, Kathy Maier, Tim Timian and Joe Ibach voted yes to the motion. The vote was unanimous. Motion carried.

**Applications:** Chairperson Ibach recused himself and turned the Chair over to Dave Lanpher.

Leon Boots is making application for certified residential. Review of Mr. Boots' application indicates he meets the education and experience hour requirements for certified residential. Based on review of work product, the Board determined that Mr. Boots has demonstrated a working knowledge for the certified residential level. Tim Timian moved to approve Leon Boots for certified residential. Kathy Maier seconded the motion. Brock DesLauriers, Tim Timian, Kathy Maier and Dave Lanpher all voted yes to the motion. Joe Ibach recused himself from voting. Motion carried.

Joe Ibach returned as Chair.

Karmyn TeSoro is making application for certified residential and was present online for discussion. Review of Ms. TeSoro's application indicates she meets the education and experience hour requirements for certified residential. Based on review of work product and discussion with Ms. TeSoro, the Board determined that Ms. TeSoro has demonstrated a working knowledge for the certified residential level. Kathy Maier moved to approve Karmyn TeSoro for certified residential. Dave Lanpher seconded the motion. Dave Lanpher, Brock DesLauriers, Tim Timian, Kathy Maier and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

**Investigations:**

John Hraba addressed the Board via conference call relative to a complaint filed against him by the Board at the November 17th meeting. Mr. Hraba is requesting the Board members reconsider their decision to revoke his ND certification permit. Mr. Hraba indicated he did sign a consent order with MN, but based on conversations with his attorney he did not see the consent order as disciplinary action, and therefore did not report it as such on his 2014 Renewal Application. Board members decided to stand firm on the complaint and initial offer of settlement: 1) revocation of Mr. Hraba's ND certification permit and 2) Mr. Hraba will be prohibited from applying for a North Dakota permit for a period of one year.

Edward Erickson, legal counsel for the Board provided an update on pending settlement offers.

Inv 214-145: Board members reviewed the complaint. The complaint comes from a group of homeowners involved in the flood divergent project in Fargo. There appear to be two groups of appraisers involved. This particular group of property owners question whether another property owner, a home inspector, received special consideration on his appraisal, as the appraisal came in considerably higher.

Board members reviewed the information provided and determined there is not enough information to proceed. From the information provided there appears to be a reasonable range in value conclusions.

Tim Timian moved to table the investigation and request the complainants provide more specifics relative to issues with the appraisals- not the condemnation process itself. Dave Lanpher seconded the motion. Dave Lanpher, Brock DesLauriers, Tim Timian, Kathy Maier and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

**Rules/Proposed Legislation:**

Edward Erickson, legal counsel reported that Rules are under consideration with the Administrative Rules Committee. In addition, he reported that he delivered the Board's proposed legislation to Legislative Council. Dave Lanpher reported that the ND Realtors Association voted to support the upcoming bill.

**Finances:**

Board members reviewed the year-end financial report. Dave Lanpher moved for approve. Brock DesLauriers seconded the motion. Tim Timian, Kathy Maier, Dave Lanpher, Brock DesLauriers, and Joe Ibach all voted yes to the motion. The vote was unanimous. Motion carried.

**Other Business:**

Craig Steinley is scheduling "2016-2017 USPAP Update" Courses for 2015. He has indicated interest in instructing another "Most Common USPAP Violations" course for the Board in conjunction with the "USPAP Update". The "Most Common USPAP Violations" course he instructed for the Board at the beginning of December was well received. Board members were in agreement to move forward with scheduling both seminars.

A conference is scheduled for 9:00am on 12/24/2014 to consider Matt Schlenvogt's application for certification.

Chairperson Ibach called for adjournment.

Respectfully submitted,

Jodie R. Campbell, Executive Secretary