

NORTH DAKOTA REAL ESTATE APPRAISER QUALIFICATIONS AND ETHICS BOARD

April 24, 2017 - MINUTES
Holiday Inn Express, Jamestown, ND

Chairperson Lanpher called the meeting to order at 10:00 AM. Roll call was taken.

Board Members present:	Chairperson Dave Lanpher	Tim Timian
	Kathy Maier	Brock DesLauriers
	Corey Kost	
Staff Present:	Jodie Campbell	David Campbell
Staff Present Online:	Edward Erickson, Legal Counsel	
Guests Present:	Luke Koterba	Joe Summers
	Tiffiney Dick	Sara Lang
	Patricia Hodenfield	Ross Berg
	Beth Keller	Jeffrey Gast
Guests Present Online:	Eric Oberg	Kathy Berry

Public Comment Period: Kathy Berry, on behalf of the Education Committee for the ND Appraisers Association, announced the Association will be sponsoring education in conjunction with the ND Appraiser Board meeting scheduled for September 18th. Included as part of the educational offering will be "required attendance" at the ND Appraiser Board meeting during discussion related to applicant work product review as well as investigative issues.

Applicants:

Patricia Hodenfield is making application for certified residential and was present for discussion. Review of Ms. Hodenfield's application indicates she meets the education, experience hour and examination requirements for certified residential. Reports were reviewed by an independent reviewer. Issues were noted in the independent reviews, as well as through Board member review. Some of the issues included: 1) no support/ for GRM in work file; 2) highest and best use lacks analysis; 3) no recognition of subject's prior sale; 4) weak income approach; 5) no adjustments for seller-paid concessions; and 6) no support for site value. All three reports appear to lack general support for analysis and reconciliation.

Based on review of work product and discussion with Ms. Hodenfield, the small income property report is not at the level to meet the minimum standards of USPAP. Kathy Maier moved to table Patricia Hodenfield's application for certified residential. Ms. Hodenfield must submit one additional report for Board review. The report submitted must include all three approaches to value. Tim Timian seconded the motion. Kathy Maier, Brock DesLauriers, Tim Timian, Corey Kost and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

Sara Lang is making application for certified residential and was present for discussion. Review of Ms. Lang's application indicates she meets the education, experience hour and examination requirements for certified residential. Reports were reviewed by an independent reviewer. Review of Ms. Lang's work product indicates the reports meet the minimum standards set forth in USPAP. Kathy Maier moved to approve Sara Lang's application for certified residential. Tim Timian seconded the motion. Brock DesLauriers, Tim Timian, Kathy Maier, Corey Kost and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

Investigations:

Case 216-160B, Case 216-161 and Case 216-164: At the meeting of December 5, 2016, the Board determined Mr. Thelen has been practicing outside the scope of work allowed for the licensed level.

Based on the allegations in all three Cases the Board determined there was probable cause to believe a violation had occurred and moved to offer Mr. Thelen a Settlement agreement dated 2/15/17. The offer to settle included 30 days to sign the agreement. To date, Mr. Thelen has not signed the agreement and the Case is to be moved to administrative hearing. Another potential allegation has been brought to the Board's attention. The Board tabled further discussion of the Case against Mr. Thelen until the June 5th meeting.

Review Process: Staff is working with the Board Reviewers to revise the review process and develop a standardized review form for the Board. Staff has researched other states and Staff and Reviewers will be meeting within the next couple of weeks to review and discuss the material. Corey Kost and Kathy Maier will be attending the Investigator Training Seminar offered by AARO and the Appraisal Foundation.

Other Business:

AQB 3rd Exposure Draft relative to the Revisions to the Criteria:

Board members reviewed and discussed the proposed revisions to the March 15, 2017 3rd Exposure Draft of Proposed Changes to the Appraiser Qualifications Criteria:

Board members are in support of the AQB's proposed experience training curriculum, Practical Applications of Real Estate Appraisal (PAREA). However, while the Board is in support of the proposed PAREA modules, Board members were concerned that one component of the required experience was lacking; "real world" experience. Board members agreed that "real world" experience is a necessary factor in meeting the experience requirement, and to recommend to the AQB that a minimum 35% of the required work experience be actual "real world" experience.

Montana Issue: A hearing was held before the Congressional Subcommittee on Housing and Insurance on November 16, 2016, titled *"Modernizing Appraisals: A Regulatory Review and the Future of the Industry"*. Various jurisdictions, Montana inclusive, felt that some of the content and testimony was derogatory to our job as regulators and industry members.

The Montana Appraiser Board met and voted to forward comments to the Congressional Subcommittee on Housing and Insurance regarding their position to: 1) support the current regulatory process and 2), support maintaining the current roles of Appraisal SubCommittee and the Appraisal Foundation.

The Appraisal Institute drafted a letter to the Governor of Montana objecting to the Montana Appraiser Board's motion of support, suggesting that it was not within the Board's authority (a violation of Montana statute) to take such action. Furthermore, the Appraisal Institute requested the Governor or Montana Department of Labor & Industry stop any further action by the Board on this matter until the Governor or the Montana Department of Labor & Industry could review and make a determination.

The Governor of Montana did review the Montana Appraiser Board's letter and approved its distribution to Congress. The Montana Board is encouraging all State Appraiser Boards and Commissions to draft a letter to the Congressional Subcommittee sending a similar message in support of the current regulatory process, as well as the current roles of the Appraisal Foundatoin and Appraisal SubCommittee.

Board members reviewed and discussed the Montana Board comment letter and the Appraisal Institute correspondence, as well as testimony of the Appraisal Foundation and the Appraisal SubCommittee and were in agreement to draft a letter of support, similar to that of the Montana letter.

2017 Spring AARO Conference: Board members Corey Kost, Kathy Maier, Tim Timian and Staff attended the Spring AARO conference held in Tampa this past month. All were in agreement it was an informative conference addressing current regulatory issues.

Chairman Lanpher adjourned the meeting

Respectfully submitted,

Jodie R. Campbell
Executive Secretary