

# NORTH DAKOTA REAL ESTATE APPRAISER QUALIFICATIONS AND ETHICS BOARD

Minutes -September 23, 2019  
Board Meeting - Bismarck ND

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

Board Members present:

Chairperson Tim Timian

Joe Sheehan

Corey Kost

Kathy Maier

Brock DesLauriers

Staff Present:

Jodie Campbell

David Campbell

Allyson Hicks, Legal Counsel

Joe Ibach, Staff Investigator/Reviewer

**Public Comment Period:** No comments.

**Minutes:** Board members reviewed the minutes of March 27, April 29, May 22, June 10, July 25, July 30, August 16, and August 29. Brock DesLauriers moved for approval of the minutes with corrections noted. Kathy Maier seconded the motion. Chairman Timian called for the vote. Kathy Maier, Brock DesLauriers, Corey Kost, Joe Sheehan and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried.

**Educational Reviews:**

Jason Austad submitted a report for review as part of the educational review process. An independent review was completed. Several issues were noted in the review. Discussion took place. Corey Kost moved to allow Mr. Austad to utilize this report as part of the upgrade process. However, Mr. Austad must revise and resubmit the report for review. Kathy Maier seconded the motion. Chairman Timian called for the vote. Kathy Maier, Brock DesLauriers, Corey Kost, Joe Sheehan and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried. Mr. Austad was encouraged to utilize the review, as well as Board member comments, when completing future reports.

Tim Kunick submitted a report for review as part of the educational review process. An independent review was completed. Discussion took place. Kathy Maier moved to allow Mr. Kunick's report be utilized for the upgrade process. Corey Kost seconded the motion. Chairman Timian called for the vote. Kathy Maier, Brock DesLauriers, Corey Kost, Joe Sheehan and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried. Mr. Kunick was encouraged to utilize the review, as well as Board member comments, when completing future reports.

**Applicant:**

Dusty Schlecht is making application for certified residential and was present for discussion. Mr. Schlecht's application was tabled at the meeting of December 12, 2018. Review of work product indicated a number of weaknesses. Prior to reconsidering his application, Mr. Schlecht was required to submit additional work product for review. The Board provided Mr. Schlecht the option to revise and re-submit the reports reviewed for the December 12<sup>th</sup> meeting.

Mr. Schlecht submitted the revised reports. Discussion took place. Review of the reports indicated compliance with the minimum standards set forth in USPAP for certified residential. Based on the reviews, Corey Kost moved to approve Dusty Schlecht for certified residential. Kathy Maier seconded the motion. Chairman Timian called for the vote. Kathy Maier, Brock DesLauriers, Corey Kost, Joe Sheehan and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried.

**David Howell** is making application for a temporary permit to appraise pipeline in North Dakota. In his application Mr. Howell indicates he is senior pipeline appraiser.

Board members reviewed Mr. Howell's application and found that although Mr. Howell is pipeline appraiser, he is not a state-certified appraiser in any state. Board members reviewed the contract submitted with the application and found that even though it may be a small component, the assignment includes real estate to be considered in the right of way or easement property rights. With the appraisal of real estate included as part of the assignment, a certified general permit is required to complete this assignment.

Since Mr. Howell is not a state-certified appraiser in any state, and the assignment includes real estate, he does not meet the requirements for a temporary permit. Therefore, the Board cannot issue Mr. Howell a ND temporary permit.

Based on what appears to be a misunderstanding by Mr. Howell, that the assignment does in fact include real estate, Corey Kost moved to allow Mr. Howell to withdraw his application. Joe Sheehan seconded the motion. Chairman Timian called for the vote. Kathy Maier, Brock DesLauriers, Corey Kost, Joe Sheehan and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried.

**Investigations:**

Inv 214-141: Tonia Dosch signed a Second Amended Settlement Agreement with the Board on October 11, 2018. The agreement required Ms. Dosch 1) revise and re-submit one appraisal, and 2) submit an experience log from which one report would be selected. Both reports would be reviewed for compliance with USPAP by an independent reviewer.

Ms. Dosch submitted the required reports, the reports were reviewed and submitted to the Board. Discussion took place, with Ms. Dosch was present. The reviews indicate the reports appear to be in compliance with USPAP.

Kathy Maier made a motion. Based on the findings of the investigative review process, Tonia Dosch has satisfied the requirements of the 2<sup>nd</sup> Amended Agreement. Corey Kost seconded the motion. Chairman Timian called for the vote. Kathy Maier, Corey Kost, Joe Sheehan, Brock DesLauriers, and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried. Inv 214-141 is now closed.

Case 219-190: Justin Reed, the respondent attended the meeting via teleconference call. The allegations against Mr. Reed were filed by the property owner. The allegations and response were forwarded to Joe Ibach, Board Investigative/Reviewer for review and recommendation. The review was completed, and Board members were provided copies of the allegations, response and review for consideration. Discussion took place. The Board found that the main issue appears to be with the scope of work rule. Other points discussed included 1) the intended use of the appraisal was for possible litigation purposes - the owner did not pursue litigation, 2) the tight timeframe to complete the appraisal - the cost to cure information was not provided within the available timeframe, and 3) was the type and extent of data researched appropriate given the intended use of the appraisal. Discussion concluded. Support appears to be lacking, but the methodology used by the appraiser appears to be fundamentally appropriate.

Based on the issues discussed, Corey Kost moved to offer a conditional dismissal agreement. The terms of the conditional dismissal include: The appraiser must complete a four-hour course on the scope of work rule. Kathy Maier seconded the motion. Chairman Timian called for the vote. Kathy Maier, Joe Sheehan, Brock DesLauriers and Corey Kost voted yes to the motion. Tim Timian voted no to the motion. Motion carried.

Further discussion took place. Corey Kost moved to amend the conditional dismissal offer to include a three-month timeframe to complete the required education. Brock DesLauriers seconded the motion. Chairman Timian called for the vote. Kathy Maier, Joe Sheehan, Brock DesLauriers, Corey Kost and Tim Timian voted yes to the motion. Motion carried.

Case 219-193: Allegations were filed by the property owner. The allegations and response were forwarded to Joe Ibach, Board Investigative/Reviewer for review and recommendation. Some of the concerns addressed in the review and discussed by the Board included: 1) The GLA in Comparable Sale 4 appears to be overstated, 2) No support for site valuation, 3) No support for sales comparison adjustments, 4) No rationale as to why the cost or income approaches were not used and 5) concerns with the neighborhood description.

Based on the issues discussed, Corey Kost moved to offer a conditional dismissal agreement. Within 60 days the appraiser must complete 1) a three-hour course on supporting adjustments and 2) a four-hour course on report writing versus form filling. Kathy Maier seconded the motion. Chairman Timian called for the vote. Kathy Maier and Corey Kost voted yes to the motion. Joe Sheehan, Brock DesLauriers, and Tim Timian voted no to the motion. Motion did not carry. Discussion took place.

Brock DesLauriers made a motion to further investigate and move forward with a field review to be completed by the Board Investigative Reviewer. Joe Sheehan seconded the motion. Chairman Timian called for the vote. Kathy Maier, Corey Kost, Joe Sheehan, Brock DesLauriers, and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried.

Case 219-194: Allegations were against filed by the property owner. The allegations and response were forwarded to Joe Ibach, Board Investigative/Reviewer for review and recommendation. The review was completed, and Board members were provided copies of the allegations, response and review for consideration. Discussion took place. Some of the issues discussed included 1) failure to develop a proper highest and best use, 2) failure to analyze land uses of the subject property and comparable sales, and 3) unsupported adjustments in the sales comparison approach. Board questioned competency. It was confirmed that this case is part of active litigation. Discussion concluded.

Corey Kost moved to table further discussion until litigation is settled. Kathy Maier seconded the motion. Chairman Timian called for the vote. Kathy Maier, Corey Kost, Joe Sheehan, Brock DesLauriers, and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried.

Investigative/Reviewer Reports: Mr. Ibach requested feedback relative to the investigative/review reports. Board members commended Mr. Ibach on the detail provided in the reviews. The Board requested the reviews include a recommendation.

Education reviews: Does the report would qualify for upgrade?

Investigation reviews: Is further investigation required?  
Do the issues rise to the level of a complaint? What corrective action is recommended?

ND Waiver/Mandatory State: There were several points of discussion:

- All Board members and Staff attended the meeting held by the ND of Financial Institutions.
- Challenges of appraisals in rural areas, there is a need to make assessor's data more readily available.
- The Board cannot advocate for appraisers; this must come from ND Appraiser Associations.
- Look to define mandatory and voluntary.

Evaluations: There were several points of discussion:

- Can a credentialed appraiser do an evaluation?
- What can be done for an appraiser to do evaluations?
- Look at our definition of appraisal.
- Lenders want someone who knows the market and is knowledgeable to do evaluations .... appraisers.
- What can appraisers and lenders do?
  - Work together to formulate a plan to allow appraisers to do evaluations.
  - Work with financial industry to write the legislation, keeping in mind, appraisers still need to follow USPAP.

Finances: Staff submitted the current income and expense report. After review and discussion, Brock DesLauriers moved for approval. Joe Sheehan seconded the motion. Chairman Timian called for the vote. Kathy Maier, Corey Kost, Joe Sheehan, Brock DesLauriers, and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried.

Corey Kost moved to adjourn the meeting. Joe Sheehan seconded the motion. Chairman Timian called for the vote. Kathy Maier, Corey Kost, Joe Sheehan, Brock DesLauriers, and Tim Timian all voted yes to the motion. The vote was unanimous. Motion carried.

Chairman Timian called for adjournment at 2:02pm CT.

Respectfully submitted,

Jodie R. Campbell  
Executive Secretary