Minutes- September 25, 2017
Ramada, 1400 Interchange Avenue, Bismarck, ND

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   Brock DesLauriers
                        Corey Kost

Staff Present:  Jodie Campbell    David Campbell

Legal Counsel present:  Edward Erickson

Guests Present
Addressing the Board:  Luke Koterba    John Whartnaby
                        John Krill
                        Gary Geiszler

Guests Present Online:  Brett Susek

Guests includes Students attending the NDAA course.

Public Comment Period:  Bill Gion, President of the ND Appraiser Association,

Minutes:  Board members reviewed the minutes of June 5, June 26, and August 8, 2017. Corrections were noted. Tim Timian moved for approval of the minutes as corrected. Kathy Maier 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:

Applicant Requiring Work Product for Review:  Slade Helde is making application for certified residential via reciprocity with Minnesota. Discussion took place. Kathy Maier moved to approve Slade Helde's application for certified residential. Tim Timian seconded the motion. The vote was unanimous. Motion carried.

Michael Splonskowski is making application for certified general and was present for discussion. Review of Mr. Splonskowski's application indicates he meets the education experience hour and examination requirements for certified general. Reports were reviewed by an independent reviewer. Discussion took place. Some of the issues discussed included: 1) extreme weakness in the income approach; 2) data collection analysis and reasoning as related to the Income Approach resulted in lack of credibility in the report, 3) no analysis or reasoning provided on expense schedules, 4) some of the material referenced in the report is from dated sources, and 5) depreciation does not appear to be recognized in the Cost Approach.

Based on the reviews and discussion with Mr. Splonskowski, Tim Timian moved to table Michael Splonskowski's application for certified general and request Mr. Splonskowski submit additional work product for Board review no earlier than 6 months from today's date. The motion died from lack of second.

Corey Kost moved to table Michael Splonskowski's application for certified general and request Mr. Splonskowski revise and resubmit the mini-warehouse and apartment reports for Board review. The motion died from lack of second.

Kathy Maier moved to table Michael Splonskowski's application for certified general and request Mr. Splonskowski revise and resubmit the mini-warehouse and apartment reports for Board review no earlier than 3 months from today's date, the Board would be the intended user. Corey Kost seconded the motion. Discussion took place. There appears to be a weakness in the Income Approach on both appraisals. Tim Timian moved to amendment the motion, in addition to revising the reports and further request Mr. Splonskowski submit one additional report for Board review, no earlier than 6 months from today's date. The additional report must include all three approaches to value. Kathy Maier was in
agreement to amend 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.

**Luke Koterba** is making application for certified residential and was present for discussion. Review of Mr. Koterba's application indicates he meets the education, experience hour and examination requirements for certified residential. Reports were reviewed by an independent reviewer. Discussion took place. Some of the issues discussed included: 1) lack of support for adjustments, 2) no support for depreciation, 3) appeared to have a limited understanding of the gross rent multiplier, 3) no market analysis for subject's basement apartment, 4) Board members were unable to replicate cost approach, and 5) Board members questioned the appraiser's understanding of excess land.

Based on the reviews and discussion with Mr. Koterba, Kathy Maier moved to table Luke Koterba's application for certified residential and request Mr. Koterba submit two additional reports for Board review. The reports are to include one small income producing and one residential with two approaches, no earlier than 3 months from today's date. 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.

**Investigations:**

**Case 217-176TP:** Brett Suszek was present online. A detailed discussion took place. The appraisal in question was completed for tax purposes. Some of the issues of concern noted in the allegations and discussed by the Board included: 1) sales verification not recognized in the analysis, 2) lack of recognition of special assessments, 3) market value definition was not the definition cited under ND Statute, market value was consistent for financing rather than tax purposes, and 4) misrepresentation of building size.

Mr. Suszek indicated he was not aware of how specials were handled in ND, an error on his part. He further indicated, had he used the ND Century Code definition of market value, it would not have made a difference in his value conclusion. Relative to misrepresentation of the building size, Mr. Suszek indicated he made multiple requests to the Client for information that was not provided, his building measurements/count were based on a drawing received. He felt he took the proper steps to determine the building area based on the information provided.

Based on review of the information provided and discussion, Corey Kost made a motion to seek further information relative to the handling of the special assessments. 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.

**Case 217-172AN:** John Whartnaby and Luke Koterba were present for discussion. The anonymous complainant alleges the sales used by the appraiser were used to reach a predetermined value. The complainant further questioned the appraiser's 1) neighborhood boundary details, 2) basement adjustments, 3) sale's history and 4) quality adjustments; as well as the appraiser's use of the cost approach.

Discussion took place. Review of the Mr. Whartnaby and Mr. Koterba's response found the report had good support for time adjustments. The Board could not come to the conclusion that the appraisers used a predetermined value. The Board found that a number of the issues the complainant said were lacking in the report, were actually in the report.

Board members were concerned that it appears the complainant committed a USPAP violation by submitting information that was not supported, taking away the credibility of the allegations.

Based on the written response and discussion with Mr. Whartnaby and Mr. Koterba, Kathy Maier moved to dismiss the allegations. Corey Kost seconded the motion. Brock DesLauriers, Tim Timian, Corey Kost, Kathy Maier and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

**Case 217-174:** John Krill was present for discussion. Some of the issues noted in the allegations included: 1) Short time spent inspecting the property, 2) timeliness, 3) unreasonable additional fees, 4) question comparables used/additional comparables provided.
Discussion took place. Mr. Krill's response included time stamped photos, which dispute the allegations of 5-10 minutes inspecting the property. Mr. Krill indicated additional sales were provided to him by the AMC at the request of the lender. He reviewed the sales but did not consider them the best comparables based on location. He further indicated he commented on these sales in the revised report. The increase in his opinion of value was based on information Mr. Krill received from another appraiser. A comparable already utilized in the appraisal was found to have foundation issues, making it difficult to sell; this information was not detailed in the listing. Relative to timeliness, Mr. Krill requested an extension and the AMC granted the request. The Board did not address the concern with fees as fees are a business decision.

Based on the written response and discussion with John Krill the Board determined the report appeared to credible. Kathy Maier moved to dismiss the allegations. Tim Timian seconded the motion. Brock DesLauriers, Tim Timian, Corey Kost, Kathy Maier and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

Case 217-175: John Krill was present for discussion. This allegations were filed by the same complainant as 217-174 and appeared to be similar. Discussion took place. Mr. Krill provided a detailed written response. The Board determined the sales utilized appeared to be reasonable and supported. The proposed pending sales were outside of the neighborhood, small and older sales. The Board found no egregious errors; the report appears to be credible.

Based on the written response and discussion with John Krill, Kathy Maier moved to dismiss the allegations. Tim Timian seconded the motion. Brock DesLauriers, Tim Timian, Corey Kost, Kathy Maier and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

Case 217-177: Gary Geiszler was present for discussion. Timeliness was the focus of the allegations. Discussion took place. A timeline was provided by the complainant. Mr. Geiszler discussed the timeline with the Board. After an extension was granted, Mr. Geiszler inspected the property on 6/16, the report was due 6/22. On 6/28 he received an email from the AMC indicating there was a addendum to the contract, he added the addendum and submitted the report. He then received an email stating the appraisal was in Completed status. On 6/29 & 6/30 Mr. Geiszler received another email indicating another addendum was forth coming. He went on vacation from 7/1-7/5. The closing had been extended to 7/7. Mr. Geiszler added to the addendum on 7/5 and resubmitted the report. He has no explanation as to why the lender did not receive the report until 7/7/17. Mr. Geiszler feels he met the requirements.

Tim Timian moved to offer Mr. Geiszler a conditional dismissal, with the terms to include 1) no verified complaints against Mr. Geiszler relative to timeliness within the next 24 months. Brock DesLauriers seconded the motion. Additional discussion took place. The Board questioned how much of this timeliness was lack of communication between the lender and the AMC. Chairman Lanpher called for the vote. Kathy Maier and Brock DesLauriers voted yes. Tim Timian, Dave Lanpher and Corey Kost voted no. Motion failed.

Corey Kost moved to dismiss the allegations. Tim Timian seconded the motion. Corey Kost, Kathy Maier Tim Timian and Dave Lanpher all voted yes to the motion. Brock DesLauriers voted no. Motion carried. The Board cautioned Mr. Geiszler to follow through with commitments and to keep a paper trail.

Case 217-167: Jeff Lee was not present for discussion. At the meeting of June 5, 2016 the Board moved to table the allegation and request a field review. A review of was completed and various violations were noted in the review: Ethics Rule, Record Keeping Rule, Competency and Scope of Rule, as well as Standards 1 and 2.

Based on the findings of the field review, Tim Timian made a motion to move the allegation to a complaint and offer Mr. Lee a settlement agreement to include: 1) payment of a $3000 fine and 2) voluntary surrender of his ND certification permit. Kathy Maier seconded the motion.

Discussion took place. Corey Kost offered an amendment to include: 1) payment of a $3000 fine and 2) complete the following corrective courses offered by the Appraisal Foundation; 4-hour Scope of Work: Appraisals and Inspections, 4-hour Report Writing versus Form Filling, and 4-hour Appraiser Self-Protection: Documentation & Record Keeping. The motion died to lack of second.
Chairman Lanpher called for a vote on the original motion. Kathy Maier, Brock DesLauriers, Tim Timian and Dave Lanpher all voted yes to the motion. Corey Kost voted no. Motion carried.

Edward Erickson, legal counsel, provided an update on pending Cases.

Applications: Michael Splonskowskki is requesting the Board reconsider the 6-month timeframe to submit work product, as his national examination expires 3/17/18. Tim Timian moved to amend the motion to submit work product after 3 months from today’s date. Brock DesLauriers seconded the motion. Brock DesLauriers, Tim Timian, Corey Kost, Kathy Maier and Dave Lanpher all voted yes to the motion. The vote was unanimous. Motion carried.

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

**Other Business:**

*Review Process:* The Board is in the process of redefining the Review-Investigative process. The process to include a Staff Investigator as a central figure to communicate with the Board/investigators/appraiser. The Staff Investigator would provide a recommendation to the Board. Staff was directed to draft job description for the next meeting.

*Appraisal Independence Issue:* Legal counsel indicated the Board does not have jurisdiction over a building contractor. The ASC Appraiser Hotline may be the appropriate place to direct this issue to.

*Upcoming Board meetings:* 10/4 teleconference to address AMC Rules and November 27/Quarterly meeting in West Fargo.

The ASC has scheduled the ND two-year State review for June 28, 2018.

Chairman Lanpher called for adjournment.

Respectfully submitted,

Jodie R. Campbell
Executive Secretary