



2018 Proposed Legislation Summary (REQ3205)

The purpose of this bill draft is to update the Nebraska Real Property Appraiser Act (“Act”) for compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (“Title XI”), the Uniform Standards of Professional Appraisal Practice (“USPAP”), and the Policy Statements of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (“ASC Policy Statements”). Title XI requires each state to prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions. In addition, real estate appraisals are to be performed in accordance with generally accepted uniform appraisal standards, and are to be performed by an individual whose competency has been demonstrated, and whose professional conduct is subject to effective state supervision. If the State of Nebraska is found to not be compliance with Title XI by the Appraisal Subcommittee, the Appraisal Subcommittee may remove all Nebraska credentialed appraisers from the Federal Registry, resulting in no appraisers qualified to appraise real property in connection with federally related transactions, which is approximately 80% of all mortgage loan activity. Along with the changes required by the Appraisal Subcommittee, USPAP, and the ASC Policy Statements, the bill draft also includes minor changes to address administration of the Act.

The following language changes are included in REQ3205:

- The January 1, 2016 date reference for the Dodd-Frank Wall Street Reform and Consumer Protection Act is stricken (page 2, lines 8-9).
- The definition of “appraisal review assignment” is changed to “appraisal review” and modified to reflect the language in the 2018-19 edition of USPAP (page 2, lines 23-30).
- The definition of assignment is modified to reflect the language in the 2018-19 edition of USPAP (page 3, lines 2-5).
- The definition of assignment results is added to reflect the language in the 2018-19 edition of USPAP (page 3, lines 6-10).
- The reference to the January 1, 2016 date of course approval by the Appraiser Qualifications Board of The Appraisal Foundation for the 15-Hour and 7-Hour National Uniform Standards of Professional Appraisal Practice course is stricken (page 5, lines 19-20; page 17, line 15, 24).
- The words “value of” is stricken from the definition of real property appraisal activity due to redundancy. Within this definition, real property appraisal activity includes valuation assignments, which is defined as “(1) An appraisal that estimates the value of identified real estate or identified real property at a particular point in time; or (2) A valuation service performed as a consequence of an agreement between a real property appraiser and a client (page 6, line 16).

- The definition of report is modified to reflect the language in the 2018-19 edition of USPAP (page 6, line 24).
- The references to the effective date of USPAP throughout is modified to the 2018-19 edition of USPAP that becomes effective January 1, 2018 (page 6, line 31).
- The definition of uniform standards of professional appraisal practice is modified to include “adopted and promulgated” to more accurately communicate the action taken by The Appraisal Foundation, which is authorized by the U.S. Congress to develop the Real Property Appraiser Qualification Criteria through its Appraiser Qualifications Board, and USPAP, through its Appraisal Standards Board (page 6, line 30).
- Neb. Rev. Stat. § 76-2222 (1) is modified to remove the language “The members shall be appointed so that the membership of the board selected from the congressional districts includes at least two certified real property appraisers.” This language is out dated due to a previous change that resulted in the language “The board shall consist of five members. One member who is a certified real property appraiser shall be selected from each of the three congressional districts (page 10, lines 23-26).
- Neb. Rev. Stat. § 76-2222 (5) is modified to capitalize the word “the” to correctly reference The Appraisal Foundation (page 11, line 10).
- The requirement that an applicant demonstrate a general knowledge of Nebraska law as it pertains to real property appraisal activity found in Neb. Rev. Stat. § 76-2227 (6) is stricken as it creates an unnecessary burden to entry into the profession (page 13, lines 12-14).
- Neb. Rev. Stat. § 76-2233 (1) is modified to remove the word “obtain,” and add the phrase “qualify for” for the purpose of consistency throughout the Act (page 13, lines 20-21).
- Neb. Rev. Stat. § 76-2233 (2) is modified to lessen the burden to obtaining a credential in Nebraska for appraisers holding an active credential in another jurisdiction. The current language requires that the applicant's jurisdiction of practice specified in an application for credentialing meets or exceeds the requirements of this state. Because specific administrative requirements vary from state to state, this requirement is not only difficult to enforce, but is often burdensome to reciprocal applicants attempting to obtain a real property appraiser credential in Nebraska. The proposed language changes the standard to require that an applicant’s jurisdiction of practice specified in an application must meet or exceed the Real Property Appraiser Qualification Criteria as adopted and promulgated by The Appraisal Foundation, which is the national minimum criteria for real property appraiser credentialing (page 13, lines 28-31; page 14, lines 1-9).
- Neb. Rev. Stat. § 76-2233 (3) is added to provide a clear standard by which the Board shall verify the standing of a reciprocal applicant’s jurisdiction of practice (page 14, lines 10-22).

- The report writing update course continuing education requirement found in Neb. Rev. Stat. § 76-2236 (4) is stricken from the Act. It is the Board's position that this requirement places an unnecessary burden on Nebraska credential holders (page 17, lines 29-31; page 18, lines 1-3).
- The term "appraisal review" is added to the applicable subsections under Neb. Rev. Stat. § 76-2238 to parallel the increased emphasis on appraisal review in the 2018-19 edition of USPAP. Appraisal review consists of both Standards 3 (development) and 4 (reporting) in the 2018-19 edition of USPAP. Appraisal review consisted of Standard 3 only in previous editions of USPAP. The definition of appraisal review is also changed to parallel the definition of appraisal in 2018-19 edition of USPAP (page 21, line 31; page 22, line 1, 13-14. 17, 19, 20, 21-22, 22-23).
- Provisions relating to real property associate are eliminated from the Act (page 4, lines 2-3, 22; page 7, lines 5, 9-10, 15-17; page 9, lines 24-25; page 15, lines 28-29; page 19, lines 12-15; page 20, line 11; page 21, line 28; page 22, line 28; page 24, lines 4-5, 16, 26)