

**REAL PROPERTY APPRAISER BOARD  
LIQUOR CONTROL HEARING ROOM, 5<sup>TH</sup> FLOOR  
NEBRASKA STATE OFFICE BUILDING  
301 CENTENNIAL MALL SOUTH, LINCOLN, NE  
Thursday, June 19, 2008**

**OPENING**

Chairman Joe Wilson called to order the June 19, 2008, meeting of the Nebraska Real Property Appraiser Board at 9:03 a.m., in the Liquor Control Hearing Room, 5<sup>th</sup> Floor of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

**NOTICE OF MEETING**

Vice Chair Wilson announced the notice of the meeting was duly given, posted, published and tendered in compliance with the Open Meetings Act, and all Board members received notice simultaneously by e-mail. The agenda was kept current in the Nebraska Real Property Appraiser Board Office and on the Board's website. Materials generally used by the Board for this meeting were available in the public folder for inspection by the public and in accordance with the Open Meetings Act. A copy of the Open Meetings Act was available for the duration of the meeting. For the record, Board Members Timothy Kalkowski, Gregg Mitchell, Bradford Moore, James Bain, and Mathew 'Joe' Wilson, were present. Director Kitty Policky was also present.

**ADOPTION OF THE AGENDA**

Chair Wilson reminded those present for the meeting that the Agenda cannot be altered 24 hours prior to the meeting except for emergency items according to the Open Meetings Act. Vice Chair Mitchell moved to adopt the Agenda as printed. Board Member Moore seconded. The motion carried with Kalkowski, Moore, Mitchell, Bain, and Wilson voting aye.

**WELCOME GUESTS**

Chair Wilson welcomed the guests to the meeting and asked that they please sign the guest log.

**APPROVAL OF THE MINUTES FROM JUNE 19, 2008**

Chair Wilson asked for any additions or corrections to the June 19, 2008 minutes. With no corrections or additions, Chair Wilson called for a vote to approve the minutes. Vice Chairman Mitchell moved to adopt the minutes as presented and Board Member Moore seconded the motion. The motion carried with Kalkowski, Moore, Mitchell, Bain, and Wilson voting aye.

**CHAIR REPORT**

Chairman Wilson had no topics for discussion or presentation.

**DIRECTOR'S REPORT**

Director Policky presented to the Board the Nebraska Real Property Appraiser Act as it becomes effective July 16, 2008. The intention of this office is to send to each appraiser a copy of the new statutes by electronic mailing. Director Policky requested the Board review the opening statements concerning changes to the law and make comments for deletions or additions to the opening statement. Board Member Moore suggested changing #1 in the introduction letter from addressing the "client." Vice Chair Mitchell proposed changing the first sentence as follows: When the assignment is for a client or entity not exempt from the Act . . . agreeing the remaining letter is understandable, the Board approved the content. Chair Wilson called for a vote to

approve the electronic format for delivery of the statutes with said changes to the introduction. Vice Chair Mitchell proposed a motion to communicate LB1011 and the introduction in an electronic format to each credentialed appraiser or candidate. Board Member Bain seconded the motion. The motion carried with Kalkowski, Moore, Mitchell, Bain, and Wilson voting aye.

Director Policky presented the latest credentialing numbers as follows: Registered at 167, Conversions at 49; License at 140; Certified Residential at 179 and Certified General at 363 for a total of 898 resident and reciprocal appraisers. The increase in the credentials issued is linked entirely to the sequential application process. No new credentials have been processed under the 2008 criteria to date.

### **RECEIPTS AND EXPENDITURES REPORT – MAY 2008**

The receipts and expenditures for May were reviewed by the Director by line item with the Board. A copy of the Budget Status Report is attached and considered part of these minutes. Board Member Kalkowski commented that we should be using approximately 88% of the 2008 budget. Director Policky commented that the additional funds appropriated by the Legislature for contractual services drove the percentage somewhat down but that remaining funds would be carried over to the second half of a biennium budget or the 08-09 fiscal year and that this office would need every cent it had to finish processing the sequential application demonstration reports.

Board Member Kalkowski moved to accept and file the May 2008 Receipts and Expenditures report for audit. Vice Chair Mitchell seconded the motion. The motion carried with Moore, Mitchell, Bain, Kalkowski, and Wilson voting aye.

### **UNFINISHED BUSINESS**

#### **1. <http://us-papcomplaint.com> / Teri Selberg:**

Vice Chair Mitchell reported on the development of a software program by Teri Selberg of Iowa that would allow regulatory boards and users to view reports and runs down through the elements of compliance or non-compliance with USPAP at the May meeting. The Board requested that Teri Selberg be invited to the June meeting for a demonstration of the software. It is the hopes of the Board that the program may add consistency with the manner in which reviews are evaluated. Board members discussed the use and application of the application of the program. Teri presented to the Board the software application in a Power Point presentation the advantages to tracking and lending consistency to report reviews for both application and enforcement. Upon completion, Teri answered questions relevant to the requirements Nebraska would have to implement the software and how the software can be manipulated to reflect the current USPAP. Teri reported to the Board that the contract for the software was two-year contract at a cost of approximately \$5,000 per year or approximately \$10,000 total for an unlimited number of users with 24/7 support. The software is presently being used by Iowa and Mississippi and carries a security certificate.

Vice Chair Mitchell asked what the biggest issue about the program had been to date. Teri explained the time-out doesn't seem to be long enough according to users and the programmers were working on extending such time.

Board members thanked Teri for the great job on the presentation.

Past Board Member Danny Stoeber will attend the July meeting to report on an application of the software as he applied the demonstration software to an appraisal that was completed for a prior applicant. The Board will table the discussion until after the July meeting of the Board.

Board took a break at 10:18 a.m.

Board meeting reconvened at 10:35 a.m.

## **2. Consideration of an update requirement for Report Writing.**

Board Member Moore explained that beginning in January 2008, Iowa appraisers are required to take a seven-hour report writing update whether residential or general. Moore continued noting that Nebraska has always required report writing in some form for credentialing where as Iowa has not. Although the update seminar has been beneficial, it is important that it be remembered that Nebraska's requirements have always been more stringent for credentialing. Discussion ensued concerning the benefits to all appraisers and not just one type of credential. Chair Wilson pointed out that many of the enforcement and disciplinary action this Board has taken have been a result of poor report writing skills. Vice Chair Mitchell suggested that perhaps it could be a requirement in four-years or two cycles to complete an update for narrative or form reporting.

Chair Wilson called for a motion.

Vice Chair Mitchell proposed a motion to require that all credentialed appraisers complete at minimum an appropriate report writing seminar update once every four years beginning January 1, 2009. The 15-hour core curriculum report writing course would not meet the update requirement and the update cannot be completed on-line. Board Member Bain seconded the motion.

Vice Chair Mitchell requested permission from Bain to amend the motion to make the update a seven-hour seminar and request the criteria for implementation for the update class will be submitted to the Board prior to approval of an update seminar. Bain second the amendment.

Amendment was approved with Mitchell, Bain, Kalkowski, Moore and Wilson voting aye.

Motion carried with Bain, Kalkowski, Moore, Mitchell, and Wilson voting aye.

## **NEW BUSINESS**

### **1. Application for Nebraska candidates:**

Director Policky explained the new application form for all credentials was created to reflect the requirements by the Board and federal oversight to select the demonstration reports and the new core curriculum. The new form was review by line to explain the requirements and requests and the reasons for the questions as they are presented. Although many parts of the application remain the same, there are significant changes to meet the implementation of the 2008 criteria. The Verification for Experience Requirements and Affidavit, Core Curriculum, Qualifications Criteria and an Amended Supervisor Registration form were also reviewed. Board members suggested returning to the July meeting with editing and corrections for adoption of the final offerings. The forms will appear on the July agenda.

Board Member Kalkowski requested the “Appraiser Qualifications Criteria” be forwarded to Banking and Mortgage Brokers with a cover letter explaining the form was developed for the purpose of information and enforcement. Kalkowski asked that a motion be proposed after the editing has been adopted at the July meeting to forward said qualifications criteria and cover letter to the bankers and mortgage brokers. All members of the Board agreed that any information that could be shared to assist in understanding the appraisal process is important and would certainly want to take the opportunity to participate. Board Member Kalkowski felt the form would assist bankers and mortgage brokers in understanding the education and experience requirements to qualify for each credential.

The Board discussed at length the role of the supervisor and the mentor when considering the “Supervisor Registration” form. It is imperative for a balance to be created to meet the responsibilities of each role. The supervisor or mentor, although considered a business, must apply a responsible mechanism of leadership and education to their roles. The Board will consider the additional accountability and attempt to establish positive results in setting and maintaining guidelines for each role. It is obvious that many of the mechanisms in place have failed when a candidate cannot produce a demonstration report that meets the minimum USPAP requirements. The difficulty of establishing a balance of accountability on the part of each participant is overwhelming but it is the responsibility of the Board to create an environment of accountability, education, and experience for members of the appraisal profession to adhere to while acting as a supervisor or mentor. One the other hand, it is imperative to remember the obligations of the candidates to participate under the 2008 guidelines as implemented by law and rules and regulations.

Chair Wilson requested members review all forms submitted and return with correction, additions or suggestions to the July meeting.

#### 5. Advisory Letters as submitted by Board Member Moore.

Board Member Moore presented to the Board three advisory letters he prepared to assist in understanding subjects that garner many questions. The advisory letters are as follows: A. 6/2008-01 is titled “Broker Price Opinions and Comparative Market Analysis;” B. 06/2008-02 is titled “Appraiser Disclosure Requirement;” and C. 6/2008-03 is titled “Signing the Certification and Recognizing Significant Assistance.” The Advisory Letters will be sent electronically and posted on the website for further reference. The Advisory Letters are meant to assist appraisers in making informed decisions.

#### 6. Mentoring Program confirmation.

Chairman Wilson requested that the forms for the Mentoring Program be returned to the Board for review and confirmation.

7. “Appraisal Scoop / Virginia REAB Hears Petition to Prohibit Use of Appraisal Delivery Webportal that Transmit Altered Appraisal Reports” is an article that describes a first hand account of the altering of appraisals when transmitted. The article was intended to inform the general appraisal public of the Virginia REAB policy process concerning webportals. The petition submitted by George Dodd, SRA was intended to prevent online sites, or webportals from changing or otherwise altering reports that appraisers prepare and the format for which appraisals are sent. As it has always been the requirement that the appraisers have complete control over signing their reports and by requiring that appraisers submit their work in a format

that essentially allows the receiver to unlock the data, use it as they see fit with the report essentially pulled out in sections, including the signature. The PDF delivery was compared to the AI formatting and it was made very clear that PDF delivery was a simple means of delivering an actual copy of the printed document as the appraiser prepared it where as the AI format allowed behind the scenes manipulation to the data. The article stressed the idea that appraisers should control their own work and reporting. The point at hand is if regulating boards were prepared to not find an appraiser guilty of breaking regulations if the report has been sent through such portals and changed leaving the violators virtually without penalty and the inability of the respective boards to take action. The Virginia state Board decided to form a special committee to look into the issue closer and to make recommendations at a future date. The article was meant to inform regulatory bodies and was for that reason presented to the Nebraska Real Property Appraiser Board. Any individual may receive a copy of the article by contacting the Appraiser Board office.

Board took a break at 12:15 p.m.

Board meeting reconvened at 12:40 p.m.

## **GENERAL PUBLIC COMMENTS**

Chair Wilson asked for any public comments. With no comments, the Chair proceeded to education.

## **EDUCATION**

Vice Chair Mitchell moved to approve the following continuing education seminars and respective instructors as listed:

### *Continuing Education:*

Building Owners & Managers Association of Omaha:

“*Ethics is Good Business, Short Course*” – 6 hours – C2824

Instructor: Stephen M. Cary

Columbia Institute, Texas:

“*Identifying Relevant Characteristics, No. 019*” – 5 hours – C2827

Instructors: Dr. George Harrison, Martin J. Molloy, Robert F. Hetrick,  
Bernard N. Boarnet, Bryan S. Reynolds, Diane Jacob

Bobbitt & Company, Kansas:

“*On-line / Supervising Appraisal Trainees: Field Preparation*” – 3 hours –  
C2853-I

Instructor: Robert K. Bates and Richard P. Bobbitt

Randall School of Real Estate, Omaha:

“*1031 Tax Deferred Exchanges/Introductory & Intermediate*” – 3 hours –  
C2639

Instructor: Roberto Romero-Perez

“*1031 Tax Deferred Exchanges/Advanced*” – 3 hours – C2839

Instructor: Roberto Romero-Perez

McKissock, LP, Pennsylvania:

ONLINE “*The Art of the Addenda*” – 4 hours – C2864-I

Instructor: Richard McKissock

ONLINE “*Introduction to Green Building for Real Estate Appraisers*” –  
3 hours – C2865-I

Instructor: Richard McKissock

Appraisal Institute, Chicago:

“*Introduction to FHA Appraising*” – 7 hours – C2852

Instructor: Craig Harrington

“*Appraising Historic Preservation Easements*” – 20 hours – C2855

Instructor: Richard Roddewig

Dept. of Revenue/Property Assessment & Taxation.:

“*IAAO 937 / House Construction, Design 7 System*” - 7 hours – C2856

Instructor: Rick Stuart

“*Residential Data Collection*” 14 hours – C2131

Instructor: Rick Stuart

Board Member Moore seconded the motion. Motion carried with Kalkowski, Moore, Mitchell, Bain and Wilson voting aye.

#### **APPLICANTS & ENFORCEMENT**

Vice Chair Mitchell moved that the Board go into executive session for the purpose of reviewing applicants for credentialing and consideration of written complaints and disciplinary action. A closed session is clearly necessary to prevent needless injury to the reputation of the individual or individuals relating to the issues of qualifying applicants and relating to the alleged violations of performance in real property appraisal practice. The time on the meeting clock was 12:55. Board Member Moore seconded the motion. The motion carried with Kalkowski, Moore, Mitchell, Bain, and Wilson voting aye.

Vice Chair Mitchell moved to come out of executive session at 3:03 p.m. Board Member Bain seconded the motion. The motion carried with Moore, Mitchell, Bain, Kalkowski, and Wilson voting aye.

Vice Chair Mitchell moved to take the following actions for the applicants for the license credential:

L574 – Deny applicant and request three new reports.

Vice Chair Mitchell moved to take the following actions for the applicants for the certified residential credential:

CR191 – Approve applicant and select verification report(s).

CR192 – Approve applicant and select verification report(s). Need additional log.

CR212 – Deny and request 2-4 family and \$250.00 review fee.

CR204 – Approve applicant and select verification report(s).

CR343 – Deny and request 2-4 family and \$250.00 review fee.

Vice Chair Mitchell moved to take the following actions for the applicants for the certified general credential:

CG555 – Deny and request additional report and \$300 review fee and suggesting complete additional education.

CG429 – Approve applicant and select verification report(s).

CG439 – Approve applicant and select verification report(s).

CG437 – Approve applicant and select verification report(s).

CG562 – Deny and request additional report and \$300 review fee.

Vice Chair Mitchell moved to take the following actions for the submission of verification reports:

L155 – Approve for credential.

CR155 – Hold until Standard 6 review has been completed. Credential upon approval.

CR169 – Hold until Standard 6 review has been completed. Credential upon approval.

CR209 – Approve for credential.

CR332 – Approve for credential.

CG424 – Deny and request additional report.

CG418 – Approve for credential.

CG445 – Approve for credential.

CG446 – Approve for credential.

CG551 – Approve for credential.

Board Member Bain seconded the motion. Motion carried with Mitchell, Bain, Kalkowski, Moore, and Wilson voting aye.

Vice Chair Mitchell moved to take the following enforcement actions:

07-14 – Board accepts terms of CA. Board Chair Wilson to sign.

07-24 – Voted to accept Recommended Order.

Voted to accept final Order to surrender credential and remit legal fees.

Send by certified mail Order for surrender of credential within 5 business days and 30 days to remit legal fees.

08-04 – Consent Agreement to education and Board-approved mentor for one year with mentor reporting to Board at 6-month interval and at conclusion.

Vice Chair Wilson to sign Consent Agreements.

08-07 – Report USPAP compliant. Dismiss.

08-11 – Send report for review.

08-12 – Request true copy report and workfile.

08-13 – Request true copy report and workfile and send for review.

08-14 – Send Cease & Desist. Forward copy to Banking Dept. & Real Estate Commission. Close.

Board Member Bain seconded the Motion. Motion carried with Bain, Kalkowski, Moore, Mitchell, and Wilson voting aye.

Board Member Kalkowski moved to take the following enforcement action:

08-08 – Review denied. Invite informal July 17<sup>th</sup> @ 1:00 p.m. NRPAB office.

Board Member Bain seconded the Motion. Motion carried with Kalkowski, Moore, Bain, and Wilson voting aye. Vice Chair Mitchell abstained.

Vice Chair Mitchell moved to take the following enforcement action:

07-22 – Appraiser surrendered credential. Close.

08-10 – Appraiser surrendered credential. Close.

Board Member Bain seconded the Motion. Motion carried with Moore, Mitchell, Bain, and Kalkowski voting aye. Chairman Wilson abstained.

Tentative meeting dates were approved as follows:

August 21, 2008

September 18, 2008

#### **ADJOURNMENT**

Vice Chair Mitchell moved to adjourn the June 19<sup>th</sup> meeting. Board Member Bain seconded the motion. Motion carried.

At 3:40 p.m. Chair Wilson adjourned the June 19, 2008, meeting of the Real Property Appraiser Board.

Respectfully submitted,

Kitty Policky, Director

These minutes were available for public inspection on June 30, 2008, in compliance with Nebraska Statute §84-1413(5).