

**NEBRASKA REAL PROPERTY APPRAISER BOARD
NRPAB OFFICE MEETING ROOM, FIRST FLOOR
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE**

April 18, 2019, Meeting Minutes

Swearing in of new Board Member Wade Walkenhorst took place prior to the start of the meeting.

A. OPENING

Chairperson Ben Hynek called to order the April 18, 2019 meeting of the Nebraska Real Property Appraiser Board at 9:00 a.m., in the Nebraska Real Property Appraiser Board meeting room located on the first floor of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

B. NOTICE OF MEETING

Chairperson Hynek 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 email. Publication of official notice of the meeting appeared on the State of Nebraska Public Calendar found at www.nebraska.gov on April 9, 2019, in accordance with the Open Meetings Act. 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, 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 Benjamin Hynek of Lincoln, Nebraska, Thomas Luhrs of Imperial, Nebraska, Christopher Mustoe of Omaha, Nebraska, Gary McCormick of North Platte, Nebraska, and Wade Walkenhorst of Lincoln, Nebraska were present. Also present were Director Tyler Kohtz, Business and Licensing Specialist Allison Nespor, and Administrative Specialist Katja Duerig, who are all headquartered in Lincoln, Nebraska.

ADOPTION OF THE AGENDA

Chairperson Hynek 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. Board Member Mustoe moved to adopt the agenda as printed. Board Member Luhrs seconded the motion. With no further discussion, the motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

Board Member Mustoe moved that the Board go into executive session for the purpose of reviewing applicants for credentialing; applicants for appraisal management company registration; investigations; pending litigation, or litigation which is imminent as evidenced by communication of a claim or threat of litigation; and employee performance evaluation. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. Board Member Walkenhorst seconded the motion. The time on the meeting clock was 9:01 a.m. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

Board Member Mustoe moved to come out of executive session at 9:44 a.m. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

G. WELCOME AND CHAIR'S REMARKS

Chairperson Hynek welcomed all to the meeting. The Chairperson also welcomed Board Member Walkenhorst, adding, "Less is more, as usual." Roger Morrissey was the only member of the general public in attendance.

H. BOARD MEETING MINUTES

1. APPROVAL OF MARCH 21, 2019 MEETING MINUTES

Chairperson Hynek asked for any additions or corrections to the March 21, 2019 meeting minutes. With no further discussion, Chairperson Hynek called for a vote. Board Member Mustoe moved to adopt the March 21, 2019 meeting minutes as presented. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

I. DIRECTOR'S REPORT

1. APPRAISER COUNT REPORT

Director Kohtz presented seven charts outlining the number of appraisers as of April 18, 2019. The Director reported there was no change in trends from the previous month. Director Kohtz asked for any questions or comments. There was no further discussion.

2. TEMPORARY CREDENTIAL REPORT

Director Kohtz presented three charts outlining the number of temporary permits issued as of March 31, 2019. The Director noted there was no change in trends. The Director then asked for any questions or comments. There was no further discussion.

3. SUPERVISORY APPRAISER COUNT REPORT

Director Kohtz presented two charts outlining the number of supervisory appraisers as of April 18, 2019. He commented that trends had not changed. The Director asked for any questions or comments. There was no further discussion.

4. AMC COUNT REPORT

Director Kohtz presented two charts outlining the number of AMCs as of April 18, 2019. The Director reported that the number of registered AMCs continues to decline, as was expected for the first couple of years after the changes to the Appraisal Management Company Registration Act took effect. Director Kohtz asked for any questions or comments. There was no further discussion.

Director Kohtz concluded his report by welcoming Board Member Walkenhorst to his first board meeting. The Director reported that a successful board member introductory meeting took place last week, and that Board Member Walkenhorst was quick to pick up on the information discussed. Director Kohtz finished by informing Board Member Walkenhorst that he looked forward to serving him in the future.

J. FINANCIAL REPORT AND CONSIDERATIONS – APRIL 2019

1. APPROVAL OF MARCH RECEIPTS AND EXPENDITURES

The receipts and expenditures for March were reviewed by the Director by line item with the Board in the Budget Status Report. Director Kohtz brought attention to the \$350.00 Dues and Subscriptions Expense, and informed the Board that this expense was for the Board's annual AARO membership dues. He then commented on a \$93.46 revenue for Sale of Surplus Property/Fixed Asset, and indicated that this is the result of the sale of several filing cabinets that were emptied during the office's move in February. The Director asked for any questions or comments. There was no further discussion.

Director Kohtz then brought attention to the General Ledger for March. The Director noted the \$93.46 revenue also appeared on the General Ledger as Sale-Surplus Property/Fixed Asset. He then directed the Board to page J.7, and informed the Board that the \$3.36 expense paid to Datashield Corporation was for shredding services used for the paper copies of the renewal applications after they were scanned and entered into the database. The Director informed the Board that the shredder in the office could not handle the load of renewal applications in a time-effective manner. Director Kohtz asked for any questions or comments. There was no further discussion.

Director Kohtz presented three graphs showing expenses, revenues, and cash balance. For the Real Property Appraiser Program, which includes both the appraiser fund and the AMC fund, a total of \$21,001.04 in expenditures and \$11,060.30 in revenues were reported. The Director commented that the monthly expenditures total was very low while the revenue was typical. Director Kohtz then remarked that the cash balance for the AMC fund is \$281,798.26, the Appraiser Fund is \$365,761.71, and the overall cash balance for both funds is \$647,559.97. The Director asked for any questions related to the graphs. There was no further discussion.

Board Member Mustoe moved to accept and file the March 2019 financial reports for audit. Board Member Walkenhorst seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

2. PER DIEMS

Director Kohtz informed the Board that he had no per diem requests for this meeting, and asked if any board members had a request for the Board to consider. There was no further discussion.

3. 2019-2021 BIENNIAL BUDGET UPDATE

Director Kohtz reported that the request for \$50,000.00 in carryover funds from the current fiscal year to the next biennial budget for technology expenditures was approved by the Legislature's Appropriations Committee. The Director remarked that, because of the availability of carryover funds, there will be wiggle room for completion of the online renewal application submission portal with electronic payment project, which is good because the timeline has always been tight. Director Kohtz added that the request for an additional \$5,000.00 in funding for database maintenance and costs associated with the new phone system was also approved. The Director finished by declaring that all of the Board's funding needs are met for the next biennium. Several board members expressed approval regarding this news. There was no further discussion.

K. GENERAL PUBLIC COMMENTS

Chairperson Hynek asked for any public comments. Public Member Roger Morrissey appeared before the Board and requested clarification on the meaning of “significant appraisal assistance.” Mr. Morrissey also asked, “What does this mean for trainee real property appraisers?” He then asked whether a trainee real property appraiser could be credited with significant appraisal assistance for only taking pictures of the subject property. Mr. Morrissey reasoned that this would be helpful as part of the learning process to become an appraiser, but was unsure if it would count as significant appraisal assistance that could be documented on an experience log.

Chairperson Hynek granted Director Kohtz permission to provide the response. The Director replied that experience on a trainee real property appraiser’s log is reviewed on a case-by-case basis, so such an activity may or may not be significant appraisal assistance; it depends on whether the trainee real property appraiser exercises judgement while performing the activity in question. The Director added that attribution must be given to the trainee real property appraiser in the report for experience credit to be awarded. If there is no attribution in the report, no significant appraisal assistance was provided. Also, if the log entry is a single line stating that the trainee real property appraiser’s experience claimed for a specific report is selecting comparable sales or taking measurements, the trainee real property appraiser may be requested to clarify exactly what assistance was provided by him or her. Mr. Morrissey remarked that selecting comparable sales might well be significant. The Director and Board Member Mustoe agreed with this comment. Board Member Mustoe added that selecting comparable sales could be significant, and once again reiterated that the supervisory appraiser would at least mention the trainee real property appraiser’s assistance in the certification of the report.

Mr. Morrissey asked if the trainee real property appraiser does provide significant appraisal assistance, would the trainee also need to sign the report. Director Kohtz said a trainee could sign a report with their supervisor, but the Board does not require it; the Board does require attribution in the report. In response, Mr. Morrissey asked, if a trainee real property appraiser could sign a report, does that mean that he or she is acting as an appraiser. Mr. Morrissey stated that the trainee real property appraiser would be responsible for the entire report if they sign it. Chairperson Hynek replied to Mr. Morrissey, saying the responsibility for the report would then be shared by the trainee and supervisory appraiser. Director Kohtz said that, in a case where both trainee and supervisor signed the report, the responsibility would be shared, but ultimately, the responsibility would lie on the supervisory appraiser. BLS Nespor added that some AMCs and lenders do not allow trainees to sign reports. Mr. Morrissey stated that, if a client requests only one signature, the way to credit a trainee real property appraiser with significant appraisal assistance is to mention their work in the certification. Director Kohtz responded affirmatively. The Director added that the trainee’s contribution must be listed, and more detail should be given in the trainee real property appraiser’s experience log.

(Continued on page 5)

(Continued from page 4)

In the end, the Director said, the experience log must show that the trainee real property appraiser can go through the appraisal process start to finish. Chairperson Hynek commented that analysis of the experience log can be subjective. Director Kohtz noted that it is common for staff to ask a trainee real property appraiser questions about the log to get the full story. If the answers provided by the trainee real property appraiser do not put the issue to rest, then the matter is brought to the Board's attention. Mr. Morrissey asked if the reports selected for review are from the end of the log compared to the beginning. Director answered "yes," and indicated that the most representative sampling of work is typically found at the end of an experience log; not always, but usually. BLS Nespor said there is no standard way to report what assistance was given by the trainee real property appraiser, and the log entries do vary by report and by individual. Mr. Morrissey thanked the Board for its comments. There was no further discussion.

L. CONSIDERATION OF EDUCATION-INSTRUCTOR REQUESTS

Board Member Mustoe moved to approve the following education activities and instructors as listed:

NEW QUALIFYING EDUCATION ACTIVITIES AND INSTRUCTORS

Appraisal Institute

General Appraiser Site Valuation and Cost Approach (1191412.02) / 30 Hours –
Kenneth Foltz

NEW CONTINUING EDUCATION ACTIVITIES AND INSTRUCTORS

Appraisal Institute

Appraisal of Manufactured Homes Featuring Next Generation Manufactured Homes
(2191413.02) / 7.5 Hours – R. Scott Hartman

Seconded by Board Member Walkenhorst. Chairperson Hynek called for the vote. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

M. UNFINISHED BUSINESS

1. ONLINE APPRAISER RENEWAL APPLICATION SUBMISSION PORTAL WITH ELECTRONIC PAYMENT

Director Kohtz reported that he and BLS Nespor took part in a conference call with U.S. Bank regarding details of the online payment process. The Director explained that, when "submit" is clicked on the application, data is collected. At the end of every day, a file of all the day's data is built and sent to U.S. Bank through a portal. The bank completes the monetary transaction and sends a data file back. Staff can then make accounting adjustments as they do now with checks and cash. Juli Jurgens from the Office of the Chief Information Officer and her team are making great progress and are also doing a good job at keeping in constant contact with staff. Chairperson Hynek reported he is no longer copied on emails between Director Kohtz and Ms. Jurgens because it is no longer necessary to be involved now that work has met the pace expected by the Board. Director Kohtz asked for any questions or comments. There was no further discussion.

N. NEW BUSINESS

1. NRPAB DATABASE EDUCATION INTERFACE AND APPRAISER LOGIN SUBMISSION PORTAL FUNCTIONAL

Director Kohtz brought the NRPAB database education interface and Appraiser Login education submission portal to the Board's attention, and provided a brief summary regarding the problems encountered when the portal went live in late 2018. The Director reported that the education portal is now fully functional, and that now would be a good time to start using it to allow for sufficient time to work out any kinks that might present themselves between now and October. Director Kohtz informed the Board that continuing education submitted through the portal, or entered into the system by staff, is instantly verifiable, so the more education that is reviewed and approved now, the less that must be reviewed during the heart of the renewal season. Chairperson Hynek suggested calling this a "beta" version to identify that the portal may contain some bugs that still need to be worked out. Director Kohtz noted that a message will be added to the education portal indicating that the portal is under testing for ninety days. Board Member Mustoe expressed concern for the education history that has been lost. BLS Nespor stated that, although the education history for appraisers is still not available on the public side of Appraiser Login, education history still exists in the paper files. In addition, the data still exists; staff is working on the process to access the information. Director Kohtz agreed with BLS Nespor's comments. Board Member Mustoe noted that all education will be present on Appraiser Login moving forward. BLS Nespor added that in September, when LB77 goes into effect, appraisers may repeat continuing education activities after their two-year cycle is complete, so after this renewal season all relevant education will already be in the database. Chairperson Hynek asked if a vote is needed. Director Kohtz responded that it is not, and added that the discussion is more for information purposes. There was no further discussion.

O. LEGISLATIVE REPORT AND BUSINESS

1. CURRENT LEGISLATION

Chairperson Hynek granted Public member Roger Morrissey permission to speak. Mr. Morrissey asked when the effective date of the broker's license bill would be. AS Duerig responded that the effective date of bills approved during the current session will be 90 days after the end of the session, or on or about September 7.

Director Kohtz presented the third legislative report for the current session to the Board for review. The Director said he had no comments or concerns, and asked the Board if they had any questions or comments. There was no further discussion.

2. LR57

Director Kohtz presented Legislative Resolution 57 to the Board for review, and explained that the resolution authorizes Bill Marienau, Legal Counsel for the Banking, Commerce, and Insurance Committee, to work with the Board on its next USPAP update bill. There was no further discussion.

3. TITLE 298 UPDATE

Director Kohtz reported that Title 298 was approved by Governor Ricketts on April 5, 2019, and was effective as of April 10, 2019. The Director reported that the public copy with hyperlinks was almost ready. BLS Nespor added that she would have updated applications and forms ready for Board review at the May meeting. There was no further discussion.

4. OTHER LEGISLATIVE MATTERS: No discussion.

P. ADMINISTRATIVE BUSINESS

1. GUIDANCE DOCUMENTS: No discussion.

2. INTERNAL PROCEDURAL DOCUMENTS

Director Kohtz presented six proposed internal procedural documents to the Board for consideration. The Director reminded the Board that it set a goal during the 2018 strategic planning meeting to simplify the internal investigative procedures. Director Kohtz continued by informing the Board that the “NRPAB Investigative Procedures” document was created when the Board was in the process of overhauling its investigative procedures. As of today, most of the information found in this document has been incorporated into Title 298, rendering this document moot. The Director reported that the remainder of the items found in the “NRPAB Investigative Procedures” document have been prepared as internal procedural documents to be consistent with how all internal procedures are documented. The Director finished by informing the Board that Internal Procedures 201704 and 201705 are being presented to the Board for housecleaning purposes to bring them up to date. Board Member Hynek requested that the Board take one motion at the conclusion of the review.

a. 201704: AMC Fund Cash Balance

Director Kohtz presented Internal Procedural Document 201704 titled “AMC Fund Cash Balance” to the Board for consideration. The Director informed the Board that this document updates the AMC Fund cash balance minimum. There was no further discussion.

b. 201705: Real Property Appraiser Fund Cash Balance

Director Kohtz presented Internal Procedural Document 201705 titled “Real Property Appraiser Fund Cash Balance” to the Board for consideration. The Director informed the Board that this document updates the Real Property Appraiser Fund cash balance minimum. There was no further discussion.

c. 201901: NRPAB Board Member Investigation Guidelines

Director Kohtz presented the Internal Procedural Document 201901 titled “Board Member Investigation Guidelines” to the Board for consideration. The Director stated that this language was moved from the Board’s investigative procedures document. Director Kohtz asked for any questions or comments. There was no further discussion.

d. 201902: NRPAB Consent Agreement Negotiation Guidelines

Director Kohtz presented the Internal Procedural Document 201902 titled “NRPAB Consent Agreement Negotiation Guidelines” to the Board for consideration. The Director stated that this language was also moved from the Board’s investigative procedures document. Director Kohtz asked for any questions or comments. There was no further discussion.

e. 201903: Intent of the NRPAB Regulatory Program

Director Kohtz presented the Internal Procedural Document 201903 titled “Intent of the NRPAB Regulatory Program” to the Board for consideration. The Director stated that this language was also moved from the Board’s investigative procedures document. Director Kohtz asked for any questions or comments. There was no further discussion.

f. 201904: NRPAB Special Assistant Attorney General Grievance Guidelines

Director Kohtz presented the Internal Procedural Document 201904 titled “NRPAB Special Assistant Attorney General Grievance Guidelines” to the Board for consideration. The Director stated that this language was also moved from the Board’s investigative procedures document. Director Kohtz asked for any questions or comments. There was no further discussion.

g. 201905: Documentation Provided to a Respondent during an Investigation

Director Kohtz presented the Internal Procedural Document 201905 titled “Documentation Provided to a Respondent during an Investigation” to the Board for consideration. The Director stated that this language was also moved from the Board’s investigative procedures document. Director Kohtz asked for any questions or comments. There was no further discussion.

h. 201906: NRPAB SME Investigation Guidelines

Director Kohtz presented the Internal Procedural Document 201906 titled “NRPAB SME Investigation Guidelines” to the Board for consideration. The Director stated that this language was also moved from the Board’s investigative procedures document. Director Kohtz asked for any questions or comments. There was no further discussion.

i. NRPAB Investigative Procedures (Retire)

Director Kohtz presented the NRPAB Investigative Procedures to the Board and asked that it consider retiring this document. There was no further discussion.

Board Member Mustoe moved to approve amended Internal Procedural Documents 201704 and 201705 as presented, approve new Internal Procedural Documents 201901, 201902, 201903, 201904, 201905, and 201906 as presented, and retire the NRPAB Investigative Procedures document as presented. Seconded by Board Member McCormick. Chairperson Hynek called for the vote. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

3. APPRAISER FORMS AND PROCEDURES

a. Revised NRPAB Employee Handbook

Director Kohtz presented the revised NRPAB Employee Handbook to the Board for consideration. The Director informed the Board that no revisions have been made to the handbook since it was initially approved. Director Kohtz indicated that nearly every change made in the handbook was to bring it into compliance with statewide policies. The Director then directed the Board's attention to page P.26, and informed the Board that a substantial change was made to employee vacation requests. Director Kohtz expressed his confidence in the staff's capabilities, and the additional support provided by temporary staff during renewal season. A change was made to the handbook to allow staff the opportunity to request vacation leave during Board preparation periods and renewal season. The approval or denial decision will be based on the circumstances at the time of request. The Director asked for questions or comments. There was no further discussion. Board Member Mustoe moved to approve the revised NRPAB Employee Handbook as presented. Seconded by Board Member Luhrs. Chairperson Hynek called for the vote. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

Q. OTHER BUSINESS

1. BOARD MEETINGS

a. Credential Applicant/AMC Applicant Board Meeting Review Documentation

Director Kohtz brought attention to the board meeting document procedures for applicants and AMCs, and declared that, except for the board review forms, all the other information is found in the NRPAB Database under the communication and documentation log. The Director indicated that the board meeting documents are duplicates of the database logs. The Director then requested permission from Chairperson Hynek to pull up his database profile as an example. Chairperson granted permission. BLS Nespor pulled up the profile on the projected screen. Director Kohtz guided the Board through the log entries, and how to access the attached documentation. The Director informed the Board that he would like to see the board members access the applicant logs through the database instead of staff duplicating this information in the board packets, which would free up staff time and resources. He added that the Board Review Forms will still be provided in the board packet. Chairperson Hynek asked the Director if board members would have to sign on to the database to access the materials. Director Kohtz responded affirmatively and added that the applicant's name would be in the packet and Board Members would search for them by name in the database. Board Member Mustoe asked if board members already have access to the database. Director Kohtz responded, "Yes, it is the same place that you access the Board Member Portal." Chairperson Hynek expressed concern that a board member might skip over a log entry, such as a review report. Board Member Mustoe noted that the board members would have to click back and forth between pages. Chairperson Hynek agreed to try this method on a trial basis for one month. BLS Nespor said she would put a folder into the Board Member Portal production with all the relevant documents found in each applicant section, but there would be no discussion as to what the documents mean. Chairperson Hynek said this sounds reasonable and should work, but that the Board would revisit the topic after a month. There was no further discussion.

b. 2019 Strategic Planning Meeting

Director Kohtz brought attention to the end of the fiscal year, and announced that it was time to schedule this year's strategic planning meeting. The Director reminded the Board that in the past the Board held the strategic planning meeting on the same day, the day before, or the day after the regular June board meeting. Director Kohtz added that the meeting has been held in May as well. The Director said scheduling is dependent on the Board Members who travel to the meetings. Chairperson Hynek asked Board Members Luhrs and McCormick if they had any recommendations. Board Member Luhrs said he was open to either way of scheduling the meeting, but he would not be available in July. Chairperson Hynek remarked that having one afternoon and one morning meeting made sense to him, and the other board members agreed. The Chairperson asked whether May or June would work better. Director Kohtz said that June would be better for him, as there is an additional week for preparation. The Board agreed to hold the regular meeting in the morning on June 20, 2019 and the strategic planning meeting in the afternoon. Board Member Mustoe moved to schedule the 2019 Strategic Planning Meeting for June 20, 2019 at 1:00 p.m. Board Member Walkenhorst seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

2. CONFERENCES/EDUCATION: No discussion.

3. MEMOS FROM THE BOARD: No discussion.

4. QUARTERLY NEWSLETTER

a. Spring Edition of The Nebraska Appraiser

Director Kohtz presented the Spring 2019 Edition of The Nebraska Appraiser to the Board for consideration. He brought attention to the first feature article titled, "Appraiser Login Expanded to Include Education Submission Portal," and asked for feedback. The Board Members took a moment to read through the article. Chairperson Hynek said the use of the word "voluntary" captures the Board's opinion of inviting appraisers to use the submission portal, and that there was no need for any changes to the article after what was discussed earlier under agenda item M. Director Kohtz said the newsletter also includes articles on the updates to the Nebraska Real Property Appraiser Act and Title 298, and Board Member Walkenhorst is the "In the Spotlight" feature. Board Member Walkenhorst commented on the photos in the spotlight section. Director Kohtz indicated that other photos were used as placeholders until after the meeting today; the appropriate photos will be added before the newsletter is released to the public. The Director asked for any additional questions or comments. There was no further discussion. Board Member Mustoe moved to approve the Spring 2019 Edition of The Nebraska Appraiser. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

5. APPRAISAL SUBCOMMITTEE

a. ASC Compliance Review

i. ASC Preliminary Compliance Review of Nebraska's Appraiser Regulatory Program

Director Kohtz presented the document titled, "Appraisal Subcommittee Staff State Appraiser Program Compliance Review Preliminary Findings" to the Board for review. The Director informed the Board that all areas were found to be in compliance. There was no further discussion.

ii. ASC Preliminary Compliance Review of Nebraska's AMC Regulatory Program

Director Kohtz presented the document titled, "Appraisal Subcommittee Staff State AMC Program Compliance Review Preliminary Findings" to the Board for review. The Director informed the Board that all areas were found to be in compliance. There was no further discussion.

iii. Draft Response to ASC Preliminary Compliance Reviews

Director Kohtz presented a draft response to the ASC Preliminary Compliance Reviews to the Board for consideration. The Director informed the Board that it was well on its way to an "excellent" rating, and finished by saying that because all areas reviewed were found to be in compliance, there was little that needed to be addressed in the response. Board Member Mustoe moved to approve the draft response to ASC preliminary compliance reviews. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

b. November 2018 ASC Roundtable Summary

Director Kohtz presented the November 2018 ASC Roundtable Summary to the Board for review. The Director informed the Board that he had no specific comments, and asked the Board if they had any questions or comments. There was no further discussion.

6. THE APPRAISAL FOUNDATION

a. Appraisal Standards Board Unanimously Adopts 2020-21 USPAP Press Release

Director Kohtz presented The Appraisal Foundation press release titled, "Appraisal Standards Board Unanimously Adopts 2020-2021 USPAP" to the Board for review. The Director informed the Board that he had no specific comments, and asked the Board if they had any questions or comments. There was no further discussion.

b. Discussion Draft – Practical Applications of Real Estate Appraisal (PAREA)

Director Kohtz presented The Appraisal Foundation's discussion draft for Practical Applications of Real Estate Appraisal (PAREA) to the Board for review. The Director informed the Board that the idea had been floated for a while by The Appraisal Foundation and AARO, but only now has it become defined in writing. Director Kohtz reported that this discussion draft provides background for how the program would work, and continued by saying that PAREA would be a stand-alone program for residential appraisal experience, developed by The Appraisal Foundation with grant money from the Appraisal Subcommittee. Education providers would enter into licensing agreements with The Appraisal Foundation to offer PAREA. The trainees/applicants that complete the program would receive a certificate for a certain number of hours of experience, and the Board would approve those hours based on The Appraisal Foundation's standards. Currently, the number of hours awarded may be anywhere from 50% to 100%. Director Kohtz said the program would include computer and virtual reality-based task completion. The Director provided an example of completing measurements on a square house as a beginning point, saying the tasks would get harder until the student completes an entire appraisal report in a virtual world. Chairperson Hynek stated that such of a program would have potential. Director Kohtz remarked The Appraisal Foundation's goal is to cover everything – from a person knowing nothing to being able to complete an entire appraisal. Board Member Mustoe asked if there would be a need for supervisory appraiser with a program like this. The Director said it would be possible that there would be no need for a supervisory appraiser for the licensed residential or certified residential classifications, if the approved experience is 100% of required hours. Board Member Mustoe expressed optimism for the program, and declared that the supervisory appraiser requirement is a huge barrier for a number of trainee real property appraisers. There was no further discussion.

c. First Exposure Draft of a Proposed Interpretation of the Qualifications Criteria

Director Kohtz presented The Appraisal Foundation document titled, "First Exposure Draft of a Proposed Interpretation of the Qualifications Criteria" to the Board for review. The Director explained that this proposed interpretation is likely a response to the State of Oklahoma's practice of suspending an appraiser credential for not paying an annual renewal fee during the three-year credential period. The Director added that the State of Oklahoma reports credential suspensions on the Appraisal Subcommittee Federal Registry for Appraisers, just as all States do. Director Kohtz finished by informing the Board that the proposed interpretation is meant to establish a standard for when a suspension would limit a certified appraiser's ability to be a supervisory appraiser for three years after the completion of the disciplinary action or suspension. Sanctions imposed as a result of administrative actions not related to an individual's obligations of ethical and competent appraisal practice do not apply. There was no further discussion.

d. The Appraisal Foundation Newsletter – The Focus

Director Kohtz presented The Appraisal Foundation newsletter titled, "The Focus" to the Board for review. The Director informed the Board that he had no specific comments, and asked the Board if they had any questions or comments. There was no further discussion.

7. ASSOCIATION OF APPRAISER REGULATORY OFFICIALS

a. AARO Spring Newsletter

Director Kohtz presented the Association of Appraisal Regulatory Officials spring newsletter to the Board for review. The Director informed the Board that he had no specific comments, and asked the Board if they had any questions or comments. There was no further discussion.

8. IN THE NEWS

a. Appraisal Buzz Article – Hybrids: An Appraisal by any Other Name

Director Kohtz presented the Appraisal Buzz article titled, “Hybrids: An Appraisal by an Other Name” to the Board for review. The Director stated that he found it interesting that this article outlined many of the same points of view shared by the Board on this topic. Director Kohtz then asked the Board if they had any questions or comments. There was no further discussion.

Break from 10:43 a.m. to 10:51 a.m.

Board Member Mustoe moved that the Board go into executive session for the purpose of reviewing applicants for credentialing; applicants for appraisal management company registration; investigations; pending litigation, or litigation which is imminent as evidenced by communication of a claim or threat of litigation; and employee performance evaluation. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. Board Member Luhrs seconded the motion. The time on the meeting clock was 10:51 a.m. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

Board Member Luhrs moved to come out of executive session at 11:52 a.m. Board Member Mustoe seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

C. CONSIDERATION OF APPLICANTS FOR CREDENTIAL AS NEBRASKA REAL PROPERTY APPRAISER

Board Member Mustoe moved to take the following actions for the applicants as listed:

- T19005 / Approve as Trainee Real Property Appraiser. Send advisory letter.**
- T19006 / Requirements for credentialing as a Trainee Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check. Send advisory letter.**
- T19007 / Requirements for credentialing as a Trainee Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check. Send advisory letter.**
- T19008 / Requirements for credentialing as a Trainee Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check. Send advisory letter.**

- T19009 / Requirements for credentialing as a Trainee Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check. Send advisory letter.**
- CR19008R / Requirements for credentialing as a Certified Residential Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check.**
- CG19010R / Approve as Certified General Real Property Appraiser.**
- CG19003 / Send redacted copy of Standard 3-4 Review Report and request a written response. In addition, request that applicant revise subject report to address the deficiencies found in Standard 3-4 Review Report, and submit it to the Board's office within thirty days of receipt of notice.**
- CG19004 / Education and experience accepted; approve to sit for exam, and authorize Director to issue a credential as a Certified General Real Property Appraiser upon successful completion of exam.**
- CG18022 / Education and experience accepted; approve to sit for exam, and authorize Director to issue a credential as a Certified General Real Property Appraiser upon successful completion of exam.**
- CG18025 / Deny; applicant may not apply for the Certified General Real Property Appraiser credential for twelve months from the date of denial.**
- CG2018013R / Hold.**

Board Member McCormick seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

Board Member Mustoe moved to approve the renewal application for CG280177R, which was received at the Board's office postmarked between March 20, 2019 and April 16, 2019, with an advisory letter contingent on the results of the background check if applicable. Board Member Luhrs seconded the motion. The motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

D. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY: No discussion.

E. CONSIDERATION OF DISCIPLINARY ACTIONS/ ENFORCEMENT MATTERS

Board Member Mustoe moved to take the following enforcement actions:

- 17-04 / Ongoing.**
- 18-10 / Ongoing.**
- 19-01 / Ongoing.**
- 19-02 / Ongoing.**
- 19-03 / Ongoing.**
- 19-04 / Dismiss with prejudice.**
- 18-01 / Authorize Director to open a grievance for violation of Neb. Rev. Stat. §76-2238 (22) if the requested report is not received at the Board's office by the end of business on Monday, April 22, 2019.**

Board Member Luhrs seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS

1. AMC MATTERS

The Board reviewed information pertaining to an organization that may be in violation of the Appraisal Management Company Registration Act. The organization's surety bond has been canceled.

Board Member Mustoe moved to take the following action for AMC matters:

- NE2017004 / File grievance for alleged violation of Neb. Rev. Stat. § 76-3203 (2). Assign Investigation Number 19-06.**

Board Member Luhrs seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

R. ADJOURNMENT

Board Member Mustoe moved to adjourn the meeting. Board Member Walkenhorst seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye. At 12:05 p.m., Chairperson Hynek adjourned the April 18, 2019 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on April 29, 2019, in compliance with Nebraska Revised Statute § 84-1413 (5).