

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

June 16, 2021 Strategic Planning Meeting Minutes

A. OPENING

Chairperson Christopher Mustoe called to order the June 16, 2021 Strategic Planning meeting of the Nebraska Real Property Appraiser Board at 2:04 p.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 Mustoe 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 June 11, 2021. The agenda was kept current in the Nebraska Real Property Appraiser Board office and on the Board's website. In accordance with the Open Meetings Act, at least one copy of all reproducible written material for this meeting, either in paper or electronic form, was available for examination and copying by members of the public. The material in paper form was available on the table in a public folder, and the material in electronic form was available on the Board's website on the agenda (https://appraiser.ne.gov/meetings/agenda/2021/210616_Agenda.pdf), and in Public Meeting Material (https://appraiser.ne.gov/board_meetings/). A copy of the Open Meetings Act was available for the duration of the meeting. For the record, Board Members Christopher Mustoe of Omaha, Nebraska, Thomas Luhrs of Imperial, Nebraska, Wade Walkenhorst of Lincoln, Nebraska, Bonnie Downing of Dunning, Nebraska, and Cody Gerdes 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 Mustoe 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 Luhrs moved to adopt the agenda as printed. Board Member Walkenhorst seconded the motion. With no further discussion, the motion carried with Luhrs, Walkenhorst, Downing, Gerdes, and Mustoe voting aye.

C. CHAIRPERSON'S STATE OF THE BOARD REPORT

Chairperson Mustoe reported that he had brief comments on the state of the Board. First, Chairperson Mustoe welcomed Board Member Gerdes to his first in-person meeting. The Chairperson then expressed his pride in how much the agency accomplished in the past year, citing the online appraiser renewal application with electronic payment and the education submission portal. Chairperson Mustoe stated that these developments raise the Board's status in the appraiser profession and among other states' appraiser agencies. Chairperson Mustoe complimented the staff on their work to get the agency where it is today. Board Member Luhrs agreed with the Chairperson. Chairperson Mustoe asked for additional comments, and with no further discussion, proceeded to the Director's comments.

D. DIRECTOR'S COMMENTS

Director Kohtz thanked the board members for coming, and for their hard work throughout this strange year. Specifically, the Director expressed gratitude for board member's cooperation during electronic meetings. The Director also thanked BLS Nespor and AS Duerig for their work keeping the agency on track despite changing office schedules and procedures. Director Kohtz indicated that this meeting is helpful for staff and for him to plan for the next fiscal year. The Director continued by saying that strategic planning is the Board's opportunity to provide a road map for the staff to follow in the short and long term. The goal is to set objectives, not to establish how the objective will be accomplished. Director Kohtz also indicated that strategic planning is an opportunity to continue building staff and board member institutional knowledge. The Director then highlighted the accomplishments from the current fiscal year:

- The Board has done a good job at staying on top of federal and industry changes, addressing issues faced by the Board, and opening the door a bit more for new appraisers through relevant law making and rule writing.
- The Board updated our rules to reflect statutory and industry changes.
- An APA audit completed on the Board's programs ended with no findings in the attestation report. Director Kohtz stated that this reflects a strength of staff in accounting and budgeting.
- The Board completed all tasks established during the last strategic planning in 2019.
- The Board implemented COVID-19 operating procedures that were mindful of staff and Board safety with no disruption in services to the public. The Director indicated that this is a positive reflection on the Board's staff, programs, and procedures.
- The online appraiser renewal application went live this year. This will be a big positive in the coming renewal season.
- Major progress was once again made in the transfer of physical files to the electronic database. BLS Nespor reported that staff is nearly halfway done with all credential files.
- Through lawmaking and rules updates, we have eased renewal requirements, particularly for reciprocal licenses.
- Procedures were developed and implemented to accept online continuing education completed in another jurisdiction.
- One full renewal cycle with the online education submission portal was completed. The Director noted that the system had bugs, but staff was able to work through them with OCIO.

Director Kohtz then turned to the future and outlined some areas and goals that he would like the Board to focus discussion on today, which include:

- Draft a legislative bill that will include PAREA and other changes to appraiser education in the Criteria.
- Continue to update Title 298.
- Continue technological growth.
- Maintain current level of effectiveness, efficiency, and public satisfaction.

The Director outlined the general structure of the 2021-22 Strategic Planning meeting agenda and informed the Board that he planned to walk through the agenda and discuss whichever items the Board would like to spend time on. The Director asked for any questions or comments. There was no discussion.

E. GENERAL PUBLIC COMMENTS

Chairperson Mustoe asked for any public comments. There were no members of the public in attendance. With no comments, the Chair proceeded to the review of the 2019-20 strategic planning goals and objectives.

F. REVIEW OF 2019-20 STRATEGIC PLANNING GOALS AND OBJECTIVES

Director Kohtz reviewed the goals and objectives set for the 2019-20 Fiscal Year. The following items were noted:

- All the legislative goals were completed. LB808, LB23, and Title 298 took effect.
- The credentialing and registration goals were all completed.
- The education goals were all completed.
- The administration goals were all completed. Director Kohtz cited the rollout of the online appraiser renewal application as a major accomplishment this year. The Director reported that the applicable processes and procedures have been updated to include the online renewal application with electronic payment. While this is a step in the right direction, the Director noted that it has been a challenge to get estimates from OCIO for any future NRPAB Database projects.

Director Kohtz turned the Board's attention to two long-term goals and objectives. First, the Director commented that there were few opportunities to promote an increase in the number of Nebraska resident appraisers due to the pandemic. The Director informed the Board that this would remain a long-term goal for the 2021-22 fiscal year. Director Kohtz moved on to the long-term public information goal to continue current practices and procedures for the website, Facebook page, memos from the board, and the quarterly newsletter. The Director reports that he is content with current practices, and all board members agreed.

G. COMPLIANCE

1. REVIEW OF ENFORCEMENT/INVESTIGATIONS

Director Kohtz presented four charts and graphs to the Board for review outlining the status of the enforcement program. The Director noted that the total number of grievances has been relatively steady, and a majority of them were dismissed, in the five-year period illustrated in the charts and graphs. He asked for any questions or comments. There was no further discussion.

2. ENFORCEMENT OF REAL PROPERTY APPRAISER ACT

Director Kohtz asked for specific questions or discussion pertaining to real property appraiser enforcement. There was no discussion.

3. ENFORCEMENT OF APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT

Director Kohtz asked for specific questions or discussion pertaining to AMC enforcement. There was no discussion.

4. INVESTIGATIVE PROCESSES AND PROCEDURES (TITLE 298 – CH. 8)

Director Kohtz asked for specific questions or discussion pertaining to investigative processes and procedures. There was no discussion.

5. FORMS

Director Kohtz asked for specific questions or discussion pertaining to compliance forms. There was no discussion.

6. SHORT- AND LONG-TERM GOALS AND OBJECTIVES

- Continue monitoring the effectiveness and efficiency of the Compliance Program (long-term).

H. CREDENTIALING AND REGISTRATION

1. REVIEW OF CURRENT CREDENTIAL HOLDERS/AMC REGISTRATIONS

A review of the credentialing and AMC registration programs took place for the 2020-21 fiscal year. The Director presented twelve charts to the Board for review. The first two charts represented the number of Nebraska Real Property Appraisers credentialed through education, experience, and examination over the past five years (not including Trainees), and those credentialed through reciprocity during the past five years. The Director commented that the trend of Nebraska appraisers credentialed through education, experience, and examination continues downward, despite the Board's focus on removing restrictions to credentialing. Director Kohtz stated that the Board has done the best that it can to reach federal minimum requirements, and at this point, any meaningful change in the requirements would have to come down from the federal level. The Director brought attention to the numbers for appraisers credentialed through reciprocity and reported that the numbers have dropped due to the COVID-19 pandemic; no other discernable reason has revealed itself. Director Kohtz noted that many appraisers do work in many states these days, so he is not concerned about a further drop.

Director Kohtz moved on to the next two charts that illustrated the number of total credentialed appraisers over the past five years (not including Trainees), and the total credentialed appraisers by classification over the past five years. At 646 total credentialed appraisers, numbers are seventeen below the previous year, said the Director. Director Kohtz hypothesized that the pandemic pushed some people to retire. The Director reported that the general trend in the number of credentialed appraisers showed increasing numbers, but the trend could not overcome last year's pandemic dip. Director Kohtz indicated that the drop in numbers has not yet had a significant impact on revenue and hopes the trend will recover to the pre-pandemic increase. Changes made to the appraiser renewal requirements has contributed to an overall positive trend in the number of appraisers before the pandemic as more reciprocal real property appraisers renew their credentials.

The Director presented the chart showing the number of total credentialed appraisers over the past five years to the Board for review. Board Member Walkenhorst inquired if staff has seen a shift in the location of general or residential appraisers within in the state. Director Kohtz replied that no large shift has been noticed. In rural Nebraska, whenever one appraiser retires or moves out of state, another one seems to pop up somewhere else, but there does not appear to be logic behind this. The Director stated that there are more certified residential appraisers in the Lincoln/Omaha markets than elsewhere in the state, but that an extreme shortage of residential appraisers does not exist, of the kind that other parts of the country experience, in rural Nebraska either. Board Member Walkenhorst thanked the Director for his comments.

Director Kohtz brought attention to two charts representing the number of appraisers by credential over the past thirteen-month period, and the total number of appraisers over the past thirteen-month period. The Director noted that numbers are ten behind where they should be at this time of year compared to the previous year.

Director Kohtz presented three charts related to temporary credentials; one showing calendar year totals over five years, one showing year-to-date totals over five years, and one showing temporary credentials issued every month over the previous twelve-month period. The Director commented that the Board is back on track with temporary credentials after a pandemic-related dip.

Director Kohtz proceeded to the two charts representing the number of registered supervisory real property appraisers over the past five years. The Director reported the thirteen-month count is trending up, which is a good sign. Director Kohtz brought attention a disconnect between the number of supervisory real property appraiser and trainee real property appraiser credentials issued and the number of trainees who achieve upgraded credentials. Board Member Gerdes asked whether most trainee real property appraisers have a supervisory real property appraiser before obtaining a credential, or if the credential comes before the supervisory real property appraiser. BLS Nespor responded that it is a bit of both; there is no majority, one way or the other. Board Member Gerdes remarked that appraisers might not be motivated to become supervisory real property appraisers as they inevitably train their competition. A discussion took place on the challenges faced by supervisory real property appraisers in this regard, and the challenges faced by trainee real property appraisers in finding a supervisory real property appraiser. Director Kohtz mentioned that PAREA will help trainee real property appraisers obtain the needed appraisal experience, as it will cover all residential experience requirements; however, at the present time is not yet a reality. Chairperson Mustoe suggested that the Board add a voluntary question to renewal applications, something like, "Would you like to be added to a public list of potential supervisory appraisers?" Director Kohtz declared that this is a possibility, if the Board somehow makes sure that the real property appraiser meets the eligibility requirements as a supervisory real property appraiser. The Director proposed that this question could also be asked in a survey to all appraisers, rather than a question on the renewal application. Chairperson Mustoe opined that the application would be preferable because it guarantees that appraisers respond to the question. The appraiser must complete the renewal application, so the question must be read and a box checked. Director Kohtz considered the online renewal application, noting that the question could be coded so that only appraisers who have been certified for three or more years would be able to respond. The Director suggested that "Explore supervisory appraiser list derived from question on renewal application" be added as a short-term goal under Real Property Appraiser Credentials. All Board Members agreed. With no further discussion, the Director moved on to AMC Registration.

Director Kohtz presented two charts illustrating the number of registered AMCs over thirteen months and over five years to the Board for review. The Director reported that the number of registered AMCs in Nebraska has leveled out at a higher number than projected after the passing of the AMC Final Rule. The Director commented that the AMC industry is a lot less like the "Wild West" now. Director Kohtz asked for any questions or comments. There was no further discussion.

2. REVIEW OF CREDENTIAL HOLDER RENEWALS

Director Kohtz presented the renewal report to the Board for review, which included two charts representing the number of Nebraska real property appraisers that renewed their credentials over the past five years. The Director reported that we get close to projections every year, especially since 2018 when rules changes made the renewal process easier. BLS Nespor pointed out that trainee real property appraiser renewals are always lower than renewals of any other credential. The Director confirmed this and added that the trainee renewal rate is typically around 70%. BLS Nespor also added that the majority of trainee real property appraiser non-renewals are those that never obtained a supervisory real property appraiser. Director Kohtz asked for any questions or comments. There was no further discussion.

3. 2018-24 CREDENTIAL HOLDER/AMC REGISTRATION PROJECTIONS

The Director presented five graphs for the Board's analysis. The first four graphs outlined appraiser trends; the next graph outlined the number of registered AMCs. The Director explained that these projections are used for budgeting purposes. Director Kohtz reported that he thinks the Board will see a rebound in certified general real property appraisers, and certified residential real property appraiser numbers will level out. The Director reported that the licensed residential real property appraiser credential remains the lowest by number and reiterated changes are needed at the federal level to move the dial for the number of licensed real property appraisers. According to the Director, many states have gotten rid of the licensed residential credential entirely. Director Kohtz stated that at least one person has inquired about upgrading from LR to CR based on five years of holding the licensed residential credential in good standing. Chairperson Mustoe expressed surprise that more licensed residential real property appraisers weren't interested in this upgrade track, as the scope of work for a certified residential real property appraiser is so much bigger. BLS Nespor suggested that the busy residential housing market of the last year or so could have prevented a licensed residential real property appraiser from filling out an experience log and taking the necessary education to upgrade. Director Kohtz moved on to a chart representing the projected number of Nebraska registered AMCs from 2018 to 2024. The Director acknowledged that the projection shows a drop in registered AMCs, but in his belief, the numbers will actually be more level. There was no further discussion.

4. REAL PROPERTY APPRAISER CREDENTIALS

a. General Discussion

Director Kohtz opened general discussion for real property appraiser credentials. The Director declared that he would like to talk about the testing service utilized by the Board for the national appraiser exam. Director Kohtz reported that the Board has had a handful of issues with the current testing service recently, and asked BLS Nespor to describe them. BLS Nespor reported that one trainee real property appraiser is having issues getting the exam scheduled as the testing service recorded an expiration date at the end of the calendar year rather than one year from the date of approval by the Board. Ms. Nespor said that two calls have been made to the testing service to get this fixed, and it is still incorrect. In addition, two credential holders approved by the Board to take the certified residential exam were scheduled for the certified general exam, which should not have been possible. BLS Nespor noted that in one of these cases, the credential holder drove to the testing site only to be turned away because they did not have the correct exam materials prepared. Director Kohtz noted that reduced service and unreliable communications from the testing service during the pandemic were also reasons to reconsider which service the Board uses. Chairperson Mustoe agreed that use of a new testing service should be explored. The Director remarked that "Explore change to testing service provider" would be added as a short-term goal under Real Property Appraiser Credentials. All Board Members agreed. Director Kohtz asked for any questions or comments on this topic, or any other general discussion topics. There was no further discussion.

i. Reporting of Previous Disciplinary Action on Applications

Director Kohtz brought attention to the reporting period for previous disciplinary action on applications. The Director noted that the current applications all ask, “Have you ever been the subject of disciplinary action?” but this could be changed to a shorter period of time, for example five years. Chairperson Mustoe voiced support for shortening the reporting period for previous disciplinary action on applications. The Chairperson remarked that too much of what the Board reviews is outdated, not severe, or not more than a one-time violation; Mustoe asked if the AQB has a minimum for how long information on previous disciplinary actions needs to be collected. Director Kohtz reported that there is no minimum. BLS Nespor inquired whether this change would occur on the renewal applications only, or on initial applications as well. Director Kohtz stated that the reporting period for renewal applications could be as short as two years since the renewal period is two years. Board Member Luhrs acknowledged the Director’s comment, and said he feels comfortable with a five-year reporting period for initial applications. Chairperson Mustoe said he feels we “brand” appraisers when we require that they report old disciplinary actions every year. BLS Nespor noted that the Board only reports disciplinary actions on the public website for ten years. The Chairperson indicated that the agency wants to protect the public’s interests, but the “forever” reporting requirement protects no one. Director Kohtz remarked that the timing feels right for this, as staff has spent the past few years cleaning up old disciplinary actions that were inappropriately reported to the ASC. A brief discussion took place regarding the ASC National Registry and real property appraiser disciplinary actions. Chairperson Mustoe mentioned the application questions on criminal actions. BLS Nespor reported that the reporting period for criminal actions is five years. Chairperson Mustoe thanked BLS Nespor. Director Kohtz asked for any questions or comments on this topic, or any other items of discussion. The Director declared that “Limit the disciplinary action reporting requirement to a set number of years based on reasonableness on the applications for credentialing” would be added as a short-term goal under Real Property Appraiser Credentials. There was no further discussion.

b. Real Property Appraiser Qualifications: No discussion.

c. Real Property Appraiser Credential Renewal: No discussion.

d. Supervisory Real Property Appraiser: No discussion.

e. Processes and Procedures: No discussion.

f. Forms: No discussion.

g. Short- and Long-Term Goals and Objectives

- Explore opportunities to increase the number of Nebraska resident appraisers (long-term)
- Explore supervisory appraiser list derived from question on renewal application (short-term)
- Explore change to testing service provider (short-term)
- Limit the disciplinary action reporting requirement to a set number of years based on reasonableness on the applications for credentialing (short-term)

5. TEMPORARY CREDENTIAL

Director Kohtz asked for any general discussion related to temporary credentials. BLS Nespor declared the desire to remove the requirement that applicants provide client confirmation of the calendar completion date of an assignment on the Application for Nebraska Real Property Appraiser Temporary Credential. BLS Nespor added that she doesn't mind contacting applicants to request a full legal description or street address of the property, but asking for a calendar completion date often creates problems. Chairperson Mustoe expressed support for this, saying that the completion date is a moving target in regular business. The Chairperson assessed that the requirement makes more work for the applicant, more work for staff, and is pointless as the credentialing period is the same for every applicant anyway. Director Kohtz researched various policy requirements and the Board's rules and laws during the discussion. The Director reported that having the completion date for temporary credential applications does not appear to be a requirement of the ASC, but is present in the Nebraska Real Property Appraiser Act. Removal of this requirement will have to occur in a legislative bill. Chairperson Mustoe suggested that "Remove engagement letter completion date requirement for issuance of a temporary real property appraiser credential from the Real Property Appraiser Act" be added as a short-term goal under Laws, Rules, and Guidance Documents. All Board Members agreed. Director Kohtz asked for any other questions or comments, or any other items of discussion. There was no further discussion.

6. APPRAISAL MANAGEMENT COMPANY REGISTRATION

Director Kohtz asked for discussion pertaining to Appraisal Management Company Registration. There was no discussion.

I. EDUCATION

1. GENERAL

Director Kohtz asked for general discussion pertaining to education. There was no discussion.

2. QUALIFYING EDUCATION

Director Kohtz asked for discussion pertaining to Qualifying Education. There was no discussion.

3. CONTINUING EDUCATION

Director Kohtz asked for discussion pertaining to Continuing Education. There was no discussion.

4. SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE

Director Kohtz asked for discussion pertaining to the Supervisory Appraiser and Trainee Course. Board Member Gerdes asked if the requirement for supervisory appraisers to take the Supervisory Real Property Appraiser and Trainee Course within two years before applying for registration as a supervisory real property appraiser has been removed. Chairperson Mustoe confirmed that it was removed; now they must take it only one time since becoming certified. Board Member Gerdes inquired whether trainee real property appraisers still need to take the course. Director Kohtz said yes, before a person is approved by the Board as a trainee real property appraiser, they must complete the course within one year of application. Board Member Gerdes thanked Chairperson Mustoe and Director Kohtz for the information. There was no further discussion.

5. INSTRUCTORS

Director Kohtz asked for discussion pertaining to Instructors. There was no discussion.

6. POST-SECONDARY EDUCATION

Director Kohtz asked for discussion pertaining to Post-Secondary Education. There was no discussion.

7. BOARD REPRESENTATION/OFFERINGS

Director Kohtz asked for discussion pertaining to Board Representation/Offerings. There was no discussion.

J. PERSONNEL

1. Staff Positions

a. Contract Employee Performance Recognition Program (Performance Management System Score)

Director Kohtz presented the idea of a Contract Employee Performance Recognition Program to the Board for consideration. The Director asked the Board to consider setting aside \$1,000.00 in the budget for employee awards related to the State employee performance review program. The Director briefly described the annual performance review that he conducts for contract employees, which is required by the State. Director Kohtz indicated that the review is based on a numbering system up to five, and he'd like to recognize employees who achieve a score of four or above with up to a \$500.00 award through the Employee Recognition Program. Board Member Gerdes addressed BLS Nespor and AS Duerig, asking if they were interested; both responded affirmatively. BLS Nespor commented that their raises are determined by the contract, not the Director, so this would be a way to give him the flexibility to affect their pay. Director Kohtz agreed that this is the best way for the Board to do extra for its employees. Chairperson Mustoe expressed support for the program, citing the stable budget and lower database costs. Board Member Luhrs suggested raising the budgeted gift amount to \$2,500.00. The Director remarked that this would have to be approved in the budget, and the \$1,000.00 amount came from what is reasonably available. The Director asked for any questions or comments related to the Contract Employee Performance Recognition Program. All Board Members indicated their approval. There was no further discussion.

2. Policies and Procedures: No discussion.

3. Conferences/Training

a. Fall/Spring AARO Conference

Director Kohtz reported that he plans to continue attending both the Fall and Spring AARO Conferences. The Director informed the Board that the Fall 2021 AARO Conference will be held in-person. There was no further discussion.

4. Board Structure: No discussion.

5. Renewal Season Interns: No discussion.

6. Short- and Long-Term Goals and Objectives

- Continue updating the policies and procedures documents as needed to ensure compliance with state policy changes, NAPE/ASFCME contract changes, and to address general work environment needs and/or changes (long-term).
- Continue utilization of two renewal reason interns (long-term).
- Explore Contract Employee Performance Recognition Program internal procedure (short-term).

Break from 3:22 p.m. to 3:30 p.m.

K. PUBLIC INFORMATION

1. GENERAL

Director Kohtz asked for any general discussion on public information matters. Chairperson Mustoe proposed making publication of the date and time of the next board meeting in a manner more pronounced on the website. The Chairperson suggested a scrolling banner or ribbon. BLS Nespor navigated to the NRPAB website home page for visual aid. A discussion took place on where and how the information should appear. Director Kohtz remarked that the Board has limited capability to change the site from the office; anything more complicated than static text will have to be handled by the OCIO. BLS Nespor indicated that she might be able to add the scrolling banner or ribbon. The Director reported that “Explore addition of a solid or scrolling message screen at the top of the NRPAB website for use to disseminate relevant timely information, such as notices of meetings” would be added as a short-term goal under Public Information. Director Kohtz asked for any other questions or comments, or any other items of discussion. There was no further discussion.

a. Short- and Long-Term Goals

- Encourage development of Memos from the Board and Facebook posts that contain facts the appraiser community may be interested in (long-term).
- Continue utilizing the NRPAB website, NRPAB Facebook page, The Nebraska Appraiser, and Memos from the Board to disseminate relevant and important information to the appraisal business community and the general public in a timely manner. This includes information related to state and federal regulations, credentialing and registration requirements, renewal information, education information, Board policies and procedures, and other information that affects the industry (long-term).
- Explore the development and implementation of an updated NRPAB logo (long-term)
- Explore addition of a static or scrolling message screen at the top of the NRPAB website for use to disseminate relevant timely information, such as notices of meetings (short-term).

2. NRPAB WEBSITE

Director Kohtz asked for discussion pertaining to the website. There was no discussion.

a. Processes and Procedures: No discussion.

b. Short- and Long-Term Goals and Objectives

- Continue to monitor the effectiveness of current NRPAB website, and repair bugs and make improvements and add enhancements needed to address functionality or use (long-term).

3. MEMOS FROM THE BOARD

Director Kohtz asked for discussion pertaining to Board memos. There was no discussion.

a. Processes and Procedures: No discussion.

b. Short- and Long-Term Goals and Objectives

- Continue utilization of Memos from the Board to disseminate in a timely manner important information that should not be held for the next release of The Nebraska Appraiser (long-term).

4. THE NEBRASKA APPRAISER NEWSLETTER

Director Kohtz asked for discussion pertaining to newsletter. There was no discussion.

a. **Processes and Procedures:** No discussion.

b. **Short- and Long-Term Goals and Objectives**

- Continue releasing new issues of The Nebraska Appraiser on a quarterly basis to disseminate important information to the appraisal business community and the general public in an effective and efficient manner (long-term)

5. **FACEBOOK PAGE**

Director Kohtz asked for discussion pertaining to Facebook page. There was no discussion.

a. **Processes and Procedures:** No discussion.

b. **Short- and Long-Term Goals and Objectives**

- Continue utilization of the NRPAB Facebook page to disseminate important information in a timely manner that the appraiser community and general public would otherwise not be aware of, such as documents posted to the NRPAB website, meeting information, and NRPAB policy and business information (long-term)

L. **ADMINISTRATION**

1. **POLICIES AND PROCEDURES**

a. **NRPAB Meetings**

i. **LB83 – Change public meeting provisions and provide for virtual conferencing under the Open Meetings Act**

Director Kohtz presented the LB83 Introducer's Statement of Intent to the Board for review. The Director reported that this bill updated the Open Meetings Act to allow virtual conferencing as a regular option for public meetings. The Director noted that this could be useful for meetings during the winter months, or for meetings with short agendas, so board members wouldn't have to travel. Director Kohtz said the purpose for discussion at this point is to inquire about interest in acquiring the infrastructure needed to hold virtual meetings in accordance with the Open Meetings Act, rather than add virtual meetings to the Board's schedule. According to the Director, the general public will have to be able to participate online, and hybrid meetings are an option. Chairperson Mustoe and Board Member Gerdes shared remarks about virtual/hybrid meetings they have seen. Director Kohtz reported that "Explore the purchase and installation of video equipment and software needed to hold NRPAB meetings by virtual conferencing under the Open Meetings Act" would be added as a short-term goal under Administration. The Director asked for any other questions or comments. There was no further discussion.

ii. **Agenda Structure:** No discussion.

b. **Request Forms:** No discussion.

c. **Short- and Long-Term Goals and Objectives**

- Continue to monitor the effectiveness of current processes and procedures, and update processes and procedures as needed to maintain effectiveness and efficiency of the administration of the Board's programs (long-term).
- Explore the purchase and installation of video equipment and software needed to hold NRPAB meetings by virtual conferencing under the Open Meetings Act (short-term).

2. NRPAB RECORDS MANAGEMENT

Director Kohtz asked for discussion pertaining to NRPAB Records Management. There was no discussion.

a. Retention Schedule 71: No discussion.

b. Short- and Long-Term Goals and Objectives

- Continue to transfer remaining paper files to electronic file format (long-term).

3. NRPAB DATABASE

a. AMC Online Renewal Application and Interface

Director Kohtz presented communications between himself, BLS Nespor, and the OCIO development team regarding the AMC Online Renewal Application and Interface. The Director reported that the best next step for NRPAB Database project is the AMC renewal application, since this application has the highest processing volume not online. Director Kohtz added that the next highest volume would be temporary credential applications. The Director noted that the biggest obstacle to starting the AMC renewal application project at this point is the OCIO, which has been unresponsive to the Board's requests for estimates. The Director asked for any questions or comments related to the AMC Online Renewal Application and Interface. Chairperson Mustoe expressed support for the development of the online AMC renewal application and the online temporary credential application. There was no further discussion.

b. Short- and Long-Term Goals and Objectives

- Continue to monitor the effectiveness of current NRPAB Database, repair bugs, and make improvements and add enhancements needed to address program or use changes (long-term).
- Explore online real property appraiser initial applications, AMC initial applications, education activity applications, and other services that require payment of a fee (long-term).
- Explore use of Federal grant money to pursue development of a translator system between the NRPAB Database and the ASC Federal Registry system (short-term).

Director Kohtz reported that development of a translator system between the NRPAB Database and the ASC Federal Registry system would be particularly useful for renewal season during high volume processing periods. Currently, staff must enter appraiser contact information in the NRPAB Database and then again in the ASC Federal Registry Extranet. The Director reminded the Board that this has been discussed before, but the NRPAB Database and the ASC Federal Registry Extranet speak two different languages, so a program is needed to translate, which would increase operational efficiency significantly. Director Kohtz mentioned the potential challenges of applying for and accepting federal grant money and said this project may be best left for carryover funds between fiscal years.

- Explore online AMC renewal application and AMC Interface upgrade (short-term).

4. APPRAISAL REVIEW SERVICES CONTRACTOR PROGRAM

Director Kohtz asked for discussion pertaining to the Appraisal Review Services Contractor Program. BLS Nespor remarked that use of this program may be a means to address issues with the current testing service for the national appraiser exam. There was no further discussion.

M. APPRAISAL SUBCOMMITTEE

Director Kohtz asked for discussion pertaining to the Appraisal Subcommittee. There was no discussion.

N. APPRAISAL FOUNDATION

Director Kohtz asked for discussion pertaining to The Appraisal Foundation. There was no discussion.

O. AARO

Director Kohtz asked for discussion pertaining to AARO. There was no discussion.

P. LAWS, RULES, AND GUIDANCE DOCUMENTS

1. LAWS

a. Real Property Appraiser Act

i. Practical Applications of Real Estate Appraisal

Director Kohtz presented the Real Property Appraiser Qualification Criteria section on PAREA to the Board for review. The Director reported that he cannot yet gauge how complex the project will be to incorporate PAREA into the Real Property Appraiser Act as no programs exist yet; however, the current plan is to incorporate this into the next bill. The Director noted that about half of all states have adopted PAREA. Director Kohtz asked for any questions or comments. There was no further discussion.

ii. AQB-Approved Degree Program Curriculum Use as Continuing Education

Director Kohtz presented a memo regarding AQB-approved degree program curriculum use as continuing education. The Director asked if the Board was interested in making specific allowance for this in statute. Chairperson Mustoe inquired whether the Board could already accept such education credit, which the Director affirmed by use of an Individualized Program of Continuing Education. Chairperson Mustoe indicated there was no reason to add another approval route, and all board members agreed. There was no further discussion.

iii. Exemption for Real Property Appraisers to Represent Themselves as Homeowners Concerning Property Tax Appeal Matters

Director Kohtz presented a memo concerning the lack of exemption for real property appraisers to represent themselves as homeowners concerning property tax appeal matters. The Director brought attention to a section of the Nebraska Real Property Appraiser Act, as copied in the memo. The Director stated that the language in the section implies that an appraiser cannot represent themselves as a homeowner in property tax appeal matters, or if they do, they violate the Real Property Appraiser Act as they are not exempt from USPAP. Director Kohtz proposed removing the language from the Act completely. All board members agreed. There was no further discussion.

b. Appraisal Management Company Registration Act: No discussion.

c. Processes and Procedures: No discussion.

d. Short- and Long-Term Goals and Objectives

- Address changes to USPAP, Real Property Appraiser Qualifications Criteria, ASC Policy Statements, AQB CAP Program Guidelines, and Title XI as required (long-term).
- Work with the Banking, Commerce, and Insurance Legislative Committee's Legal Counsel to draft a bill to be introduced addressing the changes needed in the Real Property Appraiser Act (short-term).
- Remove engagement letter completion date requirement for issuance of a temporary real property appraiser credential from the Real Property Appraiser Act (short-term).

2. RULES

a. Title 297: No discussion.

b. Title 298

i. Summary of Proposed Changes to Title 298 of the NAC_May 18, 2021

Director Kohtz presented the Summary of Proposed Changes to Title 298 of the NAC_May 18, 2021 document to the Board for review, and informed the Board that more on the upcoming Title 298 changes will be discussed at the regular June meeting.

ii. Two-Year 7-Hour USPAP Update Course Requirement

Director Kohtz opened discussion on the Two-Year 7-Hour USPAP Update Course Requirement, and indicated that Chairperson Mustoe requested that this item be added to the agenda because of his concern that the two-year period for the 7-Hour USPAP Update Course does not match the continuing education period. A discussion took place on the enforcement of this requirement, and how it is possible for a real property appraiser credentialed before June 30th in one year does not have to complete the 7-Hour USPAP Update Course until the end of the year in two years, which could technically be more than two years. Director Kohtz acknowledged the existence of this problem, but it rarely, if ever occurs. Board Members agreed to leave the requirement as is. There was no further discussion.

c. Processes and Procedures

Director Kohtz summarized the process for rules updates to the Board and asked for questions or comments. There was no further discussion.

d. Short- and Long-Term Goals and Objectives

- Harmonize Title 298 with the changes made to the Nebraska Real Property Appraiser Act and Appraisal Management Company Registration Act as needed (long-term).
- Continue to monitor the effectiveness of regulations to reduce unnecessary regulatory burden, remove barriers to entry into the real property appraiser profession, maintain an effective education program, and provide for better clarification and administration (long-term).
- Adopt changes to reduce unnecessary regulatory burden and remove barriers to entry into the real property appraiser profession, provide for better clarification and administration, and harmonize Title 298 with the changes made to the Nebraska Real Property Appraiser Act through LB808 in 2020 and LB23 in 2021 (short-term).

3. GUIDANCE DOCUMENTS

Director Kohtz asked for discussion pertaining to Guidance Documents. There was no discussion.

a. Processes and Procedures: No discussion.

b. Short- and Long-Term Goals and Objectives

- Continue to adopt Guidance Documents for public advisement concerning interpretation of statutes and rules (long-term).
- Retire Guidance Documents that are no longer relevant (long-term).

4. INTERNAL PROCEDURAL DOCUMENTS

Director Kohtz asked for discussion pertaining to Internal Procedural Documents. There was no discussion.

a. Processes and Procedures: No discussion.

b. Short- and Long-Term Goals and Objectives

- Continue to adopt internal procedures as needed to assist with the Board's administration of its programs (long-term).
- Retire internal procedures that are no longer relevant (long-term).

Q. FINANCIAL

1. REVIEW OF CURRENT FISCAL YEAR

The Board reviewed the expenses and revenues for the current fiscal year as of June 10, 2021. Director Kohtz informed the Board that he would not provide specific details because this information will be covered at the Board's regular June meeting, and will be covered in detail at the July meeting after the fiscal year ends. The Director indicated that expenditures are far below Budgeted, and revenues are exceeding projections, so it has been a good year financially. There was no further discussion concerning the current fiscal year.

2. 2021-24 PROJECTIONS

Director Kohtz presented four charts showing the 2021-24 financial projections. The Director informed the Board that the expenditures were based on the sixty-five percent, thirty-five percent split between the Real Property Appraiser Fund and the AMC Fund that will be presented later in the agenda. The Director noted that the AMC fund balance is projected to climb during the next few years, but this is a good thing as funds will be needed for the AMC online renewal application and interface project. There was no further discussion with regard to the 2021-24 financial projections.

3. FY 2021-22 BUDGET

Director Kohtz presented the preliminary FY 2021-22 budget to the Board for review, and highlighted the following items:

- Employee Salaries and Benefits (\$235,668.08)
- Board Member Per Diem Payments (\$9,100.00)
- NRPAB Employee Recognition Program (\$1,000.00)
- Intern/Temporary Employee (\$7,680.00)
- AARO Travel (Budget includes funding for 1 Fall and 1 Spring Conference trip)
- Staff Education (\$1,500.00)
- Legal Services (\$35,000.00)

- Other Contractual Services for CHRC and Appraisal Review Services (\$40,000.00)
- CIO – IM Services expenditures, Network Services expenditures, and software (\$29,890.00)
- Funding for equipment repair and purchase (\$1,000.00)
- Other Operating Expenses (overage coverage of \$1,197.92)
- Budget includes the following changes from the FY 2020-21 appropriations:
 - Salary and Benefits (\$4,551.06)
 - Other Operating Expenses (-\$534.00)
 - CIO Expenses (-\$3,160.00 increase included for LB17 AMC Interface database update)
 - Rent and Depreciation Surcharge (-\$2,339.70)
 - Office Supplies Expenses (-\$1000.00)
 - DAS Accounting and Auditing Services (-\$40.00)
 - DAS Purchasing Assessment (-\$84.00)
 - SOS Temporary Employee Services (\$176.64)
 - Other Contractual Services Expenses (-\$5,000.00)
 - Surety and Notary Bonds (\$5.00)
 - Travel Expenses (-\$516.00)
- Applicant Standard 3 Reviewer Fees/SME Fees are set at:

Applicant Reviews

Residential: 4 Hours x \$85.00 = \$340.00

2-4 Family: 6 Hours x \$85.00 = \$510.00

Agricultural: 8 Hours x \$85.00 = \$680.00

Commercial: 10 Hours x \$85.00 = \$850.00

SME

Residential: 6 Hours x \$100.00 = \$600.00

2-4 Family: 9 Hours x \$100.00 = \$900.00

Agricultural: 12 Hours x \$100.00 = \$1200.00

Commercial: 15 Hours x \$100.00 = \$1500.00

Board Member Luhrs suggested making the number of hours allowed for agricultural and commercial reviews the same, as those types of reports are similarly complex. Chairperson Mustoe remarked that he would like to see the same pay rate for all types of review reports, and it should be higher than \$100.00. The Chairperson said the number of hours could be different, but the Board should pay all reviewers the same way for their time. A discussion took place on a fair rate for reviewers. All Board Members agreed on a rate of \$125.00 per hour. Discussion turned to the maximum number of hours for review reports. The Director reminded the Board that there is flexibility in the reviewer services agreement that allows for compensation changes if needed. All board members agreed to make the following changes to the number of maximum hours for review reports:

Applicant Reviews
Residential: 4 Hours
2-4 Family: 5 Hours
Agricultural: 6 Hours
Commercial: 6 Hours

SME
Residential: 5 Hours
2-4 Family: 5 Hours
Agricultural: 10 Hours
Commercial: 10 Hours

Director Kohtz informed the Board that part of the allocation for other contractual services is based on the expectation of fifteen grievances received in a year. According to the Director, if the Board wants to raise Applicant Standard 3 Reviewer/SME Fees, it will need to change its expected number of grievances to stay under our budgeted amount. All board members agreed that the projected number of grievances received in a year could be lowered, since few grievances progress into investigations in a regular year. Director Kohtz reported that he would research the Board's options related to reviewer fees and the 2021-22 budget, make adjustments as requested to increase the hourly amount to \$125.00, but stay within the allocated amount. The change to the internal procedure that includes reviewer fees will be presented to the Board at its July meeting. The Director asked for any questions or comments. There was no further discussion.

a. Policies and Procedures

i. AMC Fund/Appraiser Fund Split

Director Kohtz presented a memo regarding the FY 2021-22 Appraiser/AMC Funds Allocation to the Board for review. Director Kohtz informed the Board that the quarterly workload review of the first full work week in July, October, January, and April for each employee indicates that 34% of time was spent AMC-related functions, and 66% of time was spent on Appraiser-related functions. During analysis of the proposed budget for FY2021-22, past, present, and projected numbers and trends for appraiser credentialing, AMC registrations, education activities, and compliance were taken into consideration. Finally, there are no compliance, legislative, or policy matters that would affect the AMC/Appraiser Funds allocation for FY2021-22. The director reported that the AMC/Appraiser Funds allocation for FY2021-22 will be 65% Appraiser Fund and 35% AMC Fund. There was no further discussion.

b. Goals and Objectives

Director Kohtz asked for discussion pertaining to short and long-term goals and objectives. There was no discussion.

5. FEES

Director Kohtz asked for discussion pertaining to Fees. There was no discussion.

R. SWOT ANALYSIS

Director Kohtz informed the Board that it was time to review the SWOT Analysis. Director Kohtz reminded the Board that the analysis lists the strengths, weaknesses, opportunities, and threats of the agency. The Board retained the items from last year:

STRENGTHS

- Customer service
- Organization
- Staff depth
- Staff knowledge
- Adaptability
- Professional Diversity of Board

WEAKNESSES

- Inability to grow the industry
- Efficiency loss due to database
- Size of agency
- Regulatory and statutory regulations

OPPORTUNITIES

- Growth in appraiser field
- Continually evaluate how the Board and Agency operate

THREATS

- Agency turnover
- Federal agency oversight
- State economic climate
- Aging appraiser population

Chairperson Mustoe proposed adding modernization of accessibility to the list of strengths and cited the online renewal application and strong education policies as the basis. The Chairperson added that the database is moving in the right direction and is less of a weakness now, but should remain on the list. There was no further discussion.

S. ADJOURNMENT

Board Member Walkenhorst moved to adjourn the meeting. Board Member Luhrs seconded the motion. Motion carried with Luhrs, Walkenhorst, Downing, Gerdes and Mustoe voting aye.

At 5:49 p.m., Chairperson Mustoe adjourned the June 16, 2021 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on June 30, 2021, in compliance with Nebraska Revised Statutes §84-1413 (5).