

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

February 17, 2022 Meeting Minutes

A. OPENING

Chairperson Thomas Luhrs called to order the February 17, 2022 meeting of the Nebraska Real Property Appraiser Board at 9:00 a.m., by virtual conferencing 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 Luhrs 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 February 10, 2022. 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 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 Thomas Luhrs of Imperial, Nebraska, Wade Walkenhorst of Lincoln, Nebraska, Bonnie Downing of Dunning, Nebraska, Cody Gerdes of Lincoln, Nebraska, and Christopher Mustoe of Omaha, Nebraska were present. Also present were Director Tyler Kohtz, Business and Licensing Program Manager Allison Nespor, and Business and Education Program Manager Katja Duerig, who are all headquartered in Lincoln, Nebraska. Director Kohtz asked for clarification regarding the date that the publication of official notice of the meeting. Chairperson Luhrs indicated that the date was February 10, 2022. Director Kohtz thanked Chairperson Luhrs.

ADOPTION OF THE AGENDA

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

Board Member Walkenhorst 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 Downing seconded the motion. The time on the meeting clock was 9:03 a.m. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Board Member Downing moved to come out of executive session at 9:59 a.m. Board Member Walkenhorst seconded the motion. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

G. WELCOME AND CHAIR'S REMARKS

Chairperson Luhrs welcomed all to the meeting and noted that there were no members of the public present in the meeting room. Director Kohtz remarked that we had two guests attending via virtual conferencing, the agency's ASC Policy Managers Jenny Tidwell and Neal Fenochietti. Chairperson Luhrs greeted Ms. Tidwell and Mr. Fenochietti and said, "I hope you haven't fallen asleep yet." Ms. Tidwell responded, "No, it's been riveting!" The Chairperson moved on to approval of the meeting minutes.

H. BOARD MEETING MINUTES

1. APPROVAL OF JANUARY 20, 2022 MEETING MINUTES

Chairperson Luhrs asked for any additions or corrections to the January 20, 2022 meeting minutes. With no discussion, Chairperson Luhrs called for a motion. Board Member Walkenhorst moved to adopt the January 20, 2022 meeting minutes as presented. Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and asked for any discussion. With no discussion, Chairperson Luhrs called for a vote. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

I. DIRECTOR'S REPORT

1. REAL PROPERTY APPRAISER AND AMC COUNTS AND TRENDS

a. Real Property Appraiser Report

Director Kohtz presented seven charts outlining the number of real property appraisers as of February 17, 2022 to the Board for review. The Director reported that the real property appraiser numbers are strong and trending in a positive direction. The Director asked for any questions or comments. There was no discussion.

b. Temporary Real Property Appraiser Report

Director Kohtz presented three charts outlining the number of temporary credentials issued as of January 31, 2022 to the Board for review. The Director reported that he had no comments and asked for any questions or comments. There was no discussion.

c. Supervisory Real Property Appraiser Report

Director Kohtz presented two charts outlining the number of supervisory real property appraisers as of February 17, 2022 to the Board for review. The Director reported that he had no comments and asked for any questions or comments. There was no further discussion.

d. AMC Report

Director Kohtz presented two charts outlining the number of AMCs as of February 17, 2022 to the Board for review. The Director reported that the trend remains steady. Director Kohtz indicated that he had no further comments and asked for any questions or comments. There was no discussion.

2. DIRECTOR APPROVAL OF APPLICANTS

a. Real Property Appraiser Report

Director Kohtz presented the Real Property Appraiser Report to the Board for review showing real property appraiser applicants approved for credentialing by the Director, and the real property appraiser applicants approved to sit for exam by the Director, for the period between January 11, 2022 and February 7, 2022. The Director asked for any questions or comments. There was no further discussion.

b. Education Activity and Instructors Report

Director Kohtz presented the Education Activities and Instructors Report to the Board for review showing education activities and instructors approved by the Director for the period between January 11, 2022 and February 7, 2022. The Director asked for any questions or comments. There was no further discussion.

3. 2021-22 NRPAB GOALS AND OBJECTIVES + SWOT ANALYSIS

Director Kohtz presented the 2021-22 NRPAB Goals and Objectives and SWOT Analysis to the Board for review and provided a status update. The Director guided the Board to goals related to Laws, Rules, and Guidance Documents. The Director announced that the hearing for the Board's legislative bill had occurred with no surprises. Director Kohtz added that Senator Williams intends to amend LB706 into the banking and finance bill, LB707. The Director then brought attention to goals related to Administration and reported that OCIO planned to begin work on the AMC Renewal Online Application and Interface in April 2022. Director Kohtz asked for any questions or comments. There was no further discussion.

J. FINANCIAL REPORT AND CONSIDERATIONS – FEBRUARY 2022

1. APPROVAL OF JANUARY RECEIPTS AND EXPENDITURES

The receipts and expenditures for January were presented to the Board for review in the Budget Status Report. Director Kohtz brought attention to an Awards Expense of \$28.00, and informed the Board that this expenditure was for Board Member Mustoe's plaque. The Director moved on to a Household & Institutional Expense of \$68.00. The Director remarked that he purchased a sweater with the NRPAB logo in accordance with the Board's policy regarding branded apparel for employees. The final expenditure noted by Director Kohtz was an Other Operating Expense of \$120.00. BLPM Nespor stated that this expenditure is for insufficient fund fees charged to the agency when unacceptable payments are made to the State Treasury Management. BLPM Nespor added that the unacceptable payments are typically associated with real property appraisers entering the incorrect routing or bank account numbers in the online renewal application. Director Kohtz indicated that expenditures for the month of January totaled \$25,847.25, and the year-to-date expenditures for the fiscal year are \$198,666.41, which amounts to 47.51 percent of the budgeted expenditures for the fiscal year; 58.90 percent of the fiscal year has passed.

The Director turned the Board's attention to revenues and declared that new credentialing revenues have exceed projections to this point. The year-to-date revenues for Certified General New Fees are \$6,605.00, or 88.07 percent of projected revenues; the year-to-date revenues for Licensed New Fees are \$900.00, or 300.00 percent of projected revenues; and the year-to-date revenues for Certified Residential New Fees are \$1,800.00, or 75.00 percent of projected revenues. Director Kohtz added that AMC Registered New Fees and Application Fees are also exceeding projected revenues for this point of the fiscal year. The Director remarked that BLPM Nespor has been very busy keeping up with all the new applicants for credentialing as real property appraisers, and for registration as AMCs. Director Kohtz reported that overall revenues for January were \$35,468.75, and that the year-to-date revenues for the fiscal year are \$293,553.96, which amount to 83.09 percent of the projected revenues for the fiscal year. The Director asked for any questions or comments. There was no further discussion.

Director Kohtz then brought attention to the MTD General Ledger for January. The Director noted a "Payee/Explanation" entry named, "Correctional Services, Department of." According to the Director, this entry is for the plaque awarded to Board Member Mustoe in January. Next, the Director moved on to an entry named, "Art FX Screenprinting" and stated that this is for his NRPAB logo sweater. Finally, the Director remarked that the entry marked "Treasurer, State" accounted for the insufficient funds fees paid to State Treasury Management. Director Kohtz asked for any questions or comments. There was no further discussion.

Director Kohtz presented three graphs showing expenses, revenues, and cash balance. The Director once again pointed out the expenditures and revenues for the month of January for the Real Property Appraiser Program, which includes both the Appraiser Fund and the AMC Fund. The Director then remarked that the cash balance for the AMC Fund is \$354,557.00, the Appraiser Fund is \$442,255.57, and the overall cash balance for both funds is \$796,812.57. The Director asked for any questions or comments. There was no further discussion.

Board Member Walkenhorst moved to accept and file the January 2022 financial reports for audit. Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and asked for any discussion. With no discussion, Chairperson Luhrs asked for a vote. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs 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 discussion.

3. ADOBE DREAMWEAVER

Director Kohtz presented a quote provided by SHI under Nebraska State Contract #ADSP016-130651 for three Adobe Dreamweaver program license subscriptions to the Board for consideration. The Director reported that the agency leases its computers and two of the computers had recently been replaced. During the changeover to the new devices, it was discovered that the version of Adobe Dreamweaver that the agency used was no longer supported by Adobe, and therefore, could not be loaded to the computers. The Director informed the Board that BLPM Nespor is the person on staff who uses Dreamweaver to update the Board's public website, but he is requesting approval for three licenses so that himself or BEPM Duerig could learn the software if the interface is easy enough to use. The Director noted that only one license would be purchased right away, but he is requesting the approval for three, so that additional requests do not have to be made to the Board. Director Kohtz asked for any questions or comments about the Adobe Dreamweaver program license request. With no questions or comments, Board Member Walkenhorst moved to approve the purchase of three Adobe Dreamweaver licenses. Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and asked for any discussion. With no discussion, Chairperson Luhrs called for a vote. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

K. GENERAL PUBLIC COMMENTS

Chairperson Luhrs asked for any public comments. With no comments, Chairperson Luhrs moved on to Consideration of Education/Instructor requests. No members of the public were present in the meeting room. Jenny Tidwell and Neal Fenochietti were present via virtual conferencing.

L. CONSIDERATION OF EDUCATION/INSTRUCTOR REQUESTS: No discussion.

M. UNFINISHED BUSINESS

1. OPEN 2ND CONGRESSIONAL DISTRICT CERTIFIED REAL PROPERTY APPRAISER REPRESENTATIVE POSITION

Director Kohtz brought attention to the open 2nd Congressional District Certified Real Property Appraiser Representative position. The Director informed the Board that the Governor has made an appointment, which will be effective on February 24, 2022. Since the appointment has not been announced by Governor Rickett's office, the Director said he would not name the appointee. Director Kohtz announced that the new 2nd Congressional District Certified Real Property Appraiser Representative would be sworn in at the March meeting. The Director asked for any questions or comments. There was no further discussion.

N. NEW BUSINESS

1. APPRAISAL SUBCOMMITTEE SOA REPORT (TIDWELL AND FENOCHIETTI APPEARANCE)

Director Kohtz introduced Jenny Tidwell and Neal Fenochietti, policy managers with the Appraisal Subcommittee. Policy Manager Tidwell gave a presentation on the Appraisal Subcommittee (ASC) and the policy managers' recent review of the Board's appraiser and AMC programs. Policy Manager Tidwell greeted the board members and thanked them for giving her time in the meeting and for their service to the profession. She indicated that there were three new board members since the last time the ASC conducted a review in Nebraska. Policy Manager Tidwell stated that the ASC was created as part of Title XI of FIRREA, which was implemented in the late 1980s. She shared from the 2020 ASC Annual Report, which is the most current report, and remarked that Director Kohtz has shared this document with board members prior to the meeting. Policy Manager Tidwell brought attention to Title XI, which is found on pages 68-79 of the Annual Report. Title XI promises to protect federal money in the lending process, calls for supervision of the appraisal profession, and establishes uniform standards for appraisals and minimum competency for credentialing as an appraiser. Congress created the ASC as an entity to oversee the appraisal profession based on the provisions in Title XI. Policy Manager Tidwell brought attention to page six of the report, which names the ASC board members: members from federal banking agencies, representatives of credit unions, a member from the consumer financial protection bureau, and others. The board makes decisions on behalf of the agency, and the agency's staff of thirteen people carry out these decisions. According to Policy Manager Tidwell, Congress decided that states are in the best position to oversee appraisers, and that's why each state has an appraisal regulatory agency. The ASC oversees all these state agencies, as well as The Appraisal Foundation (TAF), which is the nonprofit organization that creates the Uniform Standards of Professional Appraisal Practice (USPAP). Policy Manager Tidwell remarked that the ASC may award grants to state appraisal regulatory agencies or TAF. The amount and application areas of grants awarded by the ASC may also be found in the Annual Report. Another function of the ASC is maintaining the National Registry for appraisers and AMCs on the ASC website. Credentials from all states and any disciplinary actions limiting an appraiser's ability to appraise may be found on the National Registry. Policy Manager Tidwell moved on to page eighteen of the Annual Report and noted the national appraisal complaint hotline. She indicated that this is for issues of appraiser independence and violations of USPAP. This can be a helpful tool if you don't know which agency to turn to; the hotline will direct you to the best place.

Policy Manager Tidwell guided the Board's attention to the ASC Policy Statements which begin on page eighty. The Policy Statements cover everything in Title XI that is related to state appraiser regulatory agencies. Policy Statements 1 through 7 apply to appraisers and 8 through 10 apply to AMCs. Policy Manager Tidwell stated that the Policy Statements are guidelines and not official regulations. The ASC did not have authority to create regulations until the passage of the Dodd-Frank Act, and has not shifted the Policy Statements to regulations since then. Normally, the ASC conducts a complete compliance review of a state, which results in a rating as described on page 108 of the Annual Report. ASC Policy Managers would look at an agency's records, review specific files, and put the state on a rating scale. The next compliance review would be scheduled based on where the state lands on the rating scale. Policy Manager Tidwell declared that Nebraska's last ASC compliance review was completed in March 2019, and the state was put on a 2-year review cycle. Both the appraiser and AMC programs were rated "Excellent." Due to the COVID-19 emergency, and the challenges that states have faced due to COVID-19, the ASC board granted regulatory relief to states by postponing compliance reviews, and instead, conducting "state off-site assessments," which is what took place this week in Nebraska. Policy Managers Tidwell and Fenochietti reviewed statute, rules, procedures, policies, meeting minutes, and lists of credentials/registrations issued for the Appraiser and AMC programs. Feedback is given back to states as part of the state off-site assessment; however, no rating is given and there is no official record of the review. Once every state has had its state off-site assessment, the ASC will resume its regular compliance review schedule. According to Policy Manager Tidwell, Nebraska's next review will likely take place in 2024, but may be pushed back to 2025. At that time, two policy managers will visit the office and attend a board meeting in person.

Policy Manager Tidwell expressed that she has enjoyed working with Board staff, who are all hard working, knowledgeable, and dedicated. She added that staff promptly takes the ASC's considerations into account. Policy Manager Tidwell thanked Director Kohtz, BLPM Nespor, and BEPM Duerig for the visit; both the appraiser and AMC programs are running smoothly. Policy Manager Tidwell thanked the board members, saying, "Your service to the profession is appreciated and dedicated people like you make this work." Finally, Policy Manager Tidwell shared her contact information with board members and welcomed any questions or concerns about the ASC.

Chairperson Luhrs thanked Policy Managers Tidwell and Fenochietti for their presentation and feedback on the Board's appraiser and AMC programs.

O. LEGISLATIVE REPORT AND BUSINESS

1. CURRENT LEGISLATION

Director Kohtz presented the second legislative report of the current session to the Board for review. The Director provided a brief summary for each bill included in the report.

LB446 – This is a bill to adopt the Nebraska Housing Index and Financing Investment System Act. AM1737 was filed to strike all original sections and to require that the Governor apply for all federal funds available to this state for emergency rental and mortgage assistance and shall disburse any funds received under this section. The Governor may coordinate with other governmental agencies to establish eligibility guidelines for recipients of such funds.

LB700 – This bill changes provisions relating to public retirement systems. Director Kohtz remarked that this bill was placed on select file.

LB706 – This is the Board's bill to change provisions of the Real Property Appraiser Act. As indicated by Senator Williams' office, LB706 has been amended into a general banking bill, LB707, and has been placed on general file with committee priority status.

LB709 – This bill changes requirements relating to preliminary applications under the Occupational Board Reform Act, only allows for certain felony convictions to be disqualifying, and provides for a waiver of fees based on the applicant's income being more than 300% below the federal poverty level. Director Kohtz informed the Board that he sent a letter to Senator McCollister to request that an exemption from this bill be considered for the Board as the provisions of the bill conflict with the Board's duties to adhere to Title XI. The Director expressed doubt that the bill will leave the committee.

LB742 – This bill requires that meeting minutes be kept in writing or as an electronic file. Director Kohtz commented that the bill was placed on general file in an 8-0 vote.

LB743 – This bill provides limitations for which closed session discussions may be held under the Open Meetings Act. Director Kohtz informed the Board that he sent a letter to Senator Erdman requesting that this bill be amended to include discussion involving any matter related to records that may be withheld from the public under N.R.S. § 84-712.05(5). The Director added that he does not believe that this bill will leave committee, but that he will monitor this bill closely.

LB769 – This bill requires certain state employees to submit to fingerprinting and criminal history record checks. Director Kohtz indicated that this bill would not affect the agency as this bill as written is only applicable to certain specified agencies.

LB823 – This bill prohibits state agencies from imposing annual filing and reporting requirements on charitable organizations. This bill was placed on general file with AM1694.

LB892 – This bill changes provisions of the Nebraska Real Estate License Act. It provides for the public marketing by a real estate broker, associate broker, or real estate salesperson for sale of an equitable interest in a contract for the purchase of real property between a property owner and a prospective purchaser. This bill has been placed on select file.

LB908 – This bill provides additional requirements for virtual conferencing under the Open Meetings Act. According to the Director, this bill as written removes all authorization to take motions or actions during virtual conferencing for public meetings and requires that a subsequent meeting be scheduled to move on any items discussed during a meeting held by virtual conferencing. Director Kohtz reported that during the hearing yesterday, the Senator who introduced this bill clarified that the intent of the bill is to provide additional opportunities for virtual meetings rather than restrict authorizations already in place. The Director added that an amendment is forthcoming, and that he will continue monitoring this bill closely.

LB975 – This bill provides that a state official or state employee, except for an employee of the Legislative Council, is prohibited from testifying at a public hearing before the Legislature on any issue in any capacity other than neutral, unless such state official or state employee is on unpaid or vacation leave from state employment for the duration of the public hearing. Director Kohtz remarked that he has seen similar bills before, but that they fail to go anywhere. At this point in the session, it would be difficult for this bill to pass.

LB1011 – This bill provides, changes, and eliminates provisions relating to appropriations. This is the State’s mid-biennium budget request bill that includes the Board’s request for additional appropriations due to employee position reclassification.

LB1127 – This bill adopts the Regulatory Sandbox Act, which allows a person to temporarily demonstrate an innovative offering under a waiver or suspension of one or more state laws or regulations. Director Kohtz stated that he was concerned about this at first, but upon further review, there is an exemption for standards or specifications required to comply with federal laws and regulations.

LB1174 – This bill requires state entities to report to the Legislature regarding operations and require a hearing by a legislative standing committee. The Director commented that this is a “sunset bill.” Senator Wayne, the introducer, informed a peer director that he does not expect this bill to move out of committee.

Director Kohtz asked for any questions or comments concerning the legislative report. The Director asked if there is a bill that is not included in the report that may be of importance to the Board, that he be contacted to have it added to the list. There was no further discussion.

2. TITLE 298: No discussion.

3. OTHER LEGISLATIVE MATTERS

Director Kohtz asked the Board if it had any other legislative matters that it wished to discuss. There was no further discussion.

P. ADMINISTRATIVE BUSINESS

1. GUIDANCE DOCUMENTS: No discussion.

2. INTERNAL PROCEDURAL DOCUMENTS: No discussion.

3. FORMS, APPLICATIONS, AND PROCEDURES

Director Kohtz presented four applications related to the Board’s education program to the Board for consideration: the Application for Approval as a Continuing Education Activity in Nebraska, Application for Renewal as a Continuing Education Activity in Nebraska, Application for Approval as a Qualifying Education Activity in Nebraska, and Application for Approval as a Supervisory Real Property Appraiser and Trainee Course in Nebraska. The Director reported that these revised applications incorporate the changes made to Title 298 effective December 2021 and asked for any questions or comments. There was no further discussion.

Director Kohtz then presented three more forms to the Board for consideration: the Application for Registration as Nebraska Supervisory Real Property Appraiser, Federally Regulated Appraisal Management Company Nebraska Reporting Form, and the NRPAB Fee Schedule. The Director stated that the revisions to these forms were requested by ASC Policy Managers Jenny Tidwell and Neal Fenochietti. On page P.23 of the Application for Registration as Nebraska Supervisory Real Property Appraiser, language was added to the Additional Information section that mirrors language already in statute. Director Kohtz then moved to the Federally Regulated Appraisal Management Company Nebraska Reporting Form found on page P.24, and informed the Board that federally regulated AMCs are not under the Board's jurisdiction, but that of federal agencies, therefore the Board does not need to collect ownership or appraiser panel information from federally regulated AMCs. Language was struck from this form throughout to remove the requirement that this information be included by the federally regulated AMC. Director Kohtz added that the rules will also be updated during the next round of revisions to remove the requirement that this information be collected from federally regulated AMCs. Finally, the Director guided the Board's attention to the NRPAB Fee Schedule found on page P.27 and informed the Board that the fee associated with the federally regulated AMC reporting form was changed from an application fee to a processing fee, since federally regulated AMCs are not required to apply to the Board for registration. The Director asked for any questions or comments. There was no further discussion.

Board Member Downing moved to approve the Application for Approval as a Continuing Education Activity in Nebraska, Application for Renewal as a Continuing Education Activity in Nebraska, Application for Approval as a Qualifying Education Activity in Nebraska, Application for Approval as a Supervisory Real Property Appraiser and Trainee Course in Nebraska, Application for Registration as Nebraska Supervisory Real Property Appraiser, Federally Regulated Appraisal Management Company Nebraska Reporting Form, and the NRPAB Fee Schedule as presented. Board Member Walkenhorst seconded the motion. Chairperson Luhrs recognized the motion and asked for any discussion. With no discussion, Chairperson Luhrs called for a vote. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Break from 10:37 a.m. to 10:44 a.m.

Q. OTHER BUSINESS

- 1. BOARD MEETINGS:** No discussion.
- 2. CONFERENCES/EDUCATION:** No discussion.
- 3. MEMOS FROM THE BOARD:** No discussion.
- 4. QUARTERLY NEWSLETTER:** No discussion.

5. APPRAISAL SUBCOMMITTEE

a. Independent analysis of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Real Property Appraiser Qualification Criteria (AQB Criteria), funded by the ASC

Director Kohtz presented a document titled, “Identifying Bias and Barriers, Promoting Equity: An Analysis of the USPAP Standards and Appraiser Qualifications Criteria” to the Board for review. The Director expressed surprise that there has been little public reaction to the release of this study as it contains some relevant findings concerning appraisal standards, the qualification criteria, and the appraiser regulatory structure. Director Kohtz informed the Board that he will provide a brief summary as the study is very long. The Director first brought attention to a section about the goals and methodology of the study, and informed the Board that the purpose of the study is to:

- Identify any instances in which the Appraisal Standards, Appraiser Criteria, or training facilitate or systematize racial bias;
- Identify opportunities for reform of the Appraisal Standards, Appraiser Criteria, or training, with the goal of supporting and promoting fairness, equity, objectivity, and diversity;
- Identify whether the Appraisal Standards, Appraiser Criteria, or training present barriers to entry to the profession that disparately impact people of color and/or women; and
- Discuss the process used to promulgate changes to the Appraisal Standards, Appraiser Criteria, or training.

The Director noted that the analysis brings attention to the overall appraiser regulatory structure and discusses the legal authority of The Appraisal Foundation, who is authorized by Congress to establish appraisal standards and the qualification criteria, although it is not a federal agency. One of the main issues identified in the study is that The Appraisal Foundation is not bound by the federal rule-making requirements, which leaves a lack of transparency and a failure to adhere to administrative procedures that provide for effective rule-making. For example, the exposure draft process is not bound by any rules or processes, and can be inconsistent.

Director Kohtz then brought attention to barriers to entry to the appraiser profession identified in the study, and informed the Board that the study recommends that the credentialing criteria should be reviewed to consider streamlining the credentials to just two certifications: 1) certified residential appraiser and 2) certified general appraiser. According to the study, this approach would:

- Follow the model of other professions where the individual is fully licensed or certified after passing the exam, such as a real estate broker, accountant, or lawyer;
- Follow the model of many large lenders and appraisal management companies, which already require appraisals to be conducted by a certified appraiser; and
- Provide a more realistic way for new entrants to earn a living in the profession.

Other barriers to entry to the appraisal profession as stated in the study include college degree requirements, appraiser education hours, and experience hours.

The Director wrapped up his summary by briefly highlighting other findings in the study that he would like to bring to the Board's attention, which include:

- The need for a more robust compliance management system established at the federal and state level;
- Better fair housing law training within the industry;
- Proper identification of state or federal law pertaining to discrimination in USPAP; and
- Greater appraiser accountability to borrowers for negligence-based claims in applicable case law.

Director Kohtz asked the Board if it had any questions or comments. There was no further discussion.

6. THE APPRAISAL FOUNDATION

a. TAF February Newsletter

Director Kohtz presented The Appraisal Foundation's February newsletter to the Board for review and informed the Board that he had no specific comments. The Director asked for any questions or comments. There was no discussion.

b. TAF Call for Applicants – Board of Trustees

Director Kohtz reported that The Appraisal Foundation is looking for applicants for its Board of Trustees. The Director said he had no comments and asked for any comments or questions. There was no further discussion.

c. AQB Public Meeting: May 19, 2022 – Virtual

Director Kohtz announced that the AQB will hold a virtual public meeting on May 19, 2022. The Director asked for any other questions or comments. There was no further discussion.

d. AQB Public Meeting: September 29, 2022 – Virtual

Director Kohtz announced that the AQB will hold a virtual public meeting on September 29, 2022. The Director asked for any other questions or comments. There was no further discussion.

e. TAF BOT Public Meeting: November 3-5, 2022 – Boston, MA

Director Kohtz announced that The Appraisal Foundation Board of Trustees will hold a public meeting in Boston, MA on November 3-5, 2022. The Director asked for any other questions or comments. There was no further discussion.

f. Appraiser Qualifications Board Q&As

Director Kohtz presented the following Appraiser Qualifications Board Q&As issued on January 21, 2022 to the Board for review.

- In the Q&A titled, “Completing An Appraisal Without a Client (for Experience Credit),” the question was asked if an appraisal may be completed without a traditional client for experience. Director Kohtz noted that, according to the AQB, such appraisals are acceptable for experience; they are called “demonstration reports” or “demo reports.”
- In the Q&A titled, “Hybrid Course Offerings,” a question about what combinations of delivery methods may be used to create a hybrid class was asked. The Director indicated that hybrid courses may consist of a combination of the three course delivery mechanisms, classroom, synchronous, and asynchronous.
- In the Q&A titled, “PAREA & Geographical Competency,” a question was asked about an appraiser’s geographical competency upon the successful completion of a PAREA program. Director Kohtz reported that geographic competency and the more general concept of “competency” itself, is a concept that is expressed in USPAP, and not the criteria. The criteria have always focused on requiring an appraiser to be minimally qualified to complete appraisal related work.
- In the Q&A titled, “The Appraisal Experience Log and Successful Completion of a PAREA Program,” a question was asked about whether an applicant is required to submit an experience log when completing a PAREA program. The Director indicated that no log would be required for cases where PAREA covers the whole of an applicant’s experience requirements. For cases where an applicant is required to have experience in areas not covered by PAREA, an experience log is required to be submitted to the Board.
- In the Q&A titled, “Verifying Qualifying Education after the Successful Completion of a PAREA Program,” a question was asked regarding what happens if a state finds that a qualifying education course accepted by a PAREA provider is not approved as a qualifying education course in the state. Director Kohtz informed the Board that the AQB’s answer falls in line with what the Board typically does: the applicant should be given the opportunity to correct the deficiency.

The Director asked for any questions or comments. There was no further discussion.

7. ASSOCIATION OF APPRAISER REGULATORY OFFICIALS

a. AARO Quarterly Update – 2.1.2022

Director Kohtz presented the AARO Quarterly Update dated February 1, 2022 to the Board for review. The Director brought attention to the news that Fannie Mae has begun requiring that appraisers use ANSI Standards of measurements to measure, calculate, and report gross living area and non-GLA areas of subject properties. Director Kohtz remarked that he believes that this is the first time measurement standards have been placed on appraisers. The Director asked for any questions or comments. There was no further discussion.

8. IN THE NEWS: No discussion.

Board Member Walkenhorst 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 Downing seconded the motion. The time on the meeting clock was 11:09 a.m. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Board Member Downing moved to come out of executive session at 11:27 a.m. Board Member Walkenhorst seconded the motion. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

C. CREDENTIALING AS A NEBRASKA REAL PROPERTY APPRAISER

Chairperson Luhrs asked for a motion on CR22001 and CG21030.

Board Member Walkenhorst moved to take the following action for the applicant:

CR22001 / Request clarification for those real property appraisal practice experience log entries not marked USPAP compliant, those marked report type 7, and those that include no description of work for the scope of supervisory appraiser review.

Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and called for a vote. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Board Member Walkenhorst moved to take the following action for the applicant:

CG21030 / Invite to informal meeting to discuss two appraisal reports submitted to the Board for review, the commercial property and the taking property. Assign Board Member Luhrs.

Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and called for a vote. Motion carried with Walkenhorst, Downing, Mustoe, and Luhrs voting aye. Gerdes abstained.

D. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY

Chairperson Luhrs asked for a motion on NE2012061. Board Member Walkenhorst moved to take the following action for the appraisal management company as listed:

NE2012061 / Approve renewal of registration as appraisal management company. Issue written advisory regarding requirements for registration to engage in business as an AMC in Nebraska.

Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and called for a vote. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

E. CONSIDERATION OF COMPLIANCE MATTERS

Chairperson Luhrs asked for a motion for compliance matters. Board Member Walkenhorst moved to take the following action for the compliance matter listed:

21-05 / Ongoing.

Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and called for a vote. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Board Member Walkenhorst moved to reopen Grievance 21-04. Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and called for a vote. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Board Member Walkenhorst moved to dismiss Grievance 21-04 with prejudice. Board Member Downing seconded the motion. Chairperson Luhrs recognized the motion and called for a vote. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS

1. 2022.02

The Board reviewed an appraisal report received from the Fannie Mae Loan Quality Center. The Board concluded that there were no substantial errors that lead to non-credible results. No action was taken by the Board.

2. PERSONNEL MATTERS: No discussion.

R. ADJOURNMENT

Board Member Downing moved to adjourn the meeting. Board Member Gerdes seconded the motion. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye. At 11:34 a.m., Chairperson Luhrs adjourned the February 17, 2022 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on March 1, 2022, in compliance with Nebraska Revised Statute § 84-1413 (5).