

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

May 25, 2023 Meeting Minutes

A. OPENING

Chairperson Wade Walkenhorst called to order the May 25, 2023 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 Walkenhorst 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 May 16, 2023. 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 Wade Walkenhorst of Lincoln, Nebraska, Bonnie Downing of Dunning, Nebraska, Kevin Hermesen of Gretna, Nebraska, and Thomas Luhrs of Imperial, Nebraska were present. Cody Gerdes of Lincoln, Nebraska was absent and excused. Also present were Director Tyler Kohtz and Business and Education Program Manager Kashinda Sims, who are headquartered in Lincoln, Nebraska. Business and Licensing Program Manager Allison Nespor was absent and excused.

ADOPTION OF THE AGENDA

Chairperson Walkenhorst 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 Luhrs seconded the motion. With no further discussion, the motion carried with Downing, Hermesen, Luhrs, and Walkenhorst voting aye.

Board Member Downing moved that the Board go into executive session for the purpose of reviewing applicants for credentialing; applicants for appraisal management company registration; investigations; pending litigation, or litigation which is imminent as evidenced by communication of a claim or threat of litigation; and employee performance evaluation. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. Board Member Luhrs seconded the motion. The time on the meeting clock was 9:03 a.m. The motion carried with Downing, Hermesen, Luhrs, and Walkenhorst voting aye.

Board Member Downing moved to come out of executive session at 9:45 a.m. Board Member Hermesen seconded the motion. The motion carried with Downing, Hermesen, Luhrs, and Walkenhorst voting aye.

Board Member Luhrs exited the meeting at 9:45 a.m.

G. WELCOME AND CHAIR'S REMARKS

Chairperson Walkenhorst welcomed all to the May 25, 2023 meeting of the Nebraska Real Property Appraiser Board and thanked everyone for attending. There were no members of the public present.

H. BOARD MEETING MINUTES

1. APPROVAL OF APRIL 20, 2023 MEETING MINUTES

Chairperson Walkenhorst asked for any additions or corrections to the April 20, 2023 meeting minutes. With no discussion, Chairperson Walkenhorst called for a vote. Board Member Downing moved to approve the April 20, 2023 meeting minutes as presented. Board Member Hermesen seconded the motion. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

I. DIRECTORS 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 May 25, 2023 to the Board for review. The Director indicated that he had no specific comments on this report and asked for any questions or comments. Chairperson Walkenhorst commented that the numbers look good. There was no further discussion.

b. Temporary Real Property Appraiser Report

Director Kohtz presented three charts outlining the number of temporary credentials issued as of April 30, 2023 to the Board for review. The Director indicated that the trends are maintaining 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 May 25, 2023 to the Board for review. The Director indicated that the trends are maintaining and asked for any questions to comments. There was no discussion.

d. Appraisal Management Company Report

Director Kohtz presented two charts outlining the number of AMCs as of May 25, 2023 to the Board for review. The Director reported that the trends are maintaining and asked for any questions or comments. There was no discussion.

2. DIRECTOR APPROVAL OF APPLICANTS

a. Real Property Appraisal 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 April 12, 2023 and May 16, 2023. The Director asked for any questions or comments. Chairperson Walkenhorst mentioned that there were four trainee real property appraisers approved with no supervisory real property appraiser. Director responded that trainee real property appraisers approved with no supervisory real property appraiser tend to come in waves. Some of the trainee real property appraisers do have a supervisory real property appraiser, but have not yet submitted the application. The Director added that he is not sure what the status of these individuals is. There was no further discussion.

b. Education Activity and Instructor(s) Report

Director Kohtz presented the Education Activities and Instructor's Report to the Board for review showing education activities and instructors approved by the Director for the period between April 12, 2023 and May 16, 2023. The Director asked for any questions or comments. There was no further discussion.

3. 2022-23 NRPAB GOALS AND OBJECTIVES + SWOT ANALYSIS

Director Kohtz presented the 2022-23 NRPAB Goals and Objectives and SWOT Analysis to the Board for review and provided a status update. The Director brought attention to the Laws, Rules, and Guidance Documents section and reported the short-term goal to adopt changes to Title 298 is currently at the Governor's Policy and Research Office. The Director followed up on Monday with no response and plans to continue working the GPO to get final approval.

The Director then brought the Board's attention to the Credentialing and Registration section and reported that the report has been prepared for the goal to exploration alternatives for verification of AMC owner AMC Rule background compliance related to AMC registration renewal, and is on the agenda.

Director Kohtz then guided the Board to the Education section and noted that updates were made to various documents to address the Board's goals to encourage potential real property appraiser applicants who intend to engage in real property appraisal practice pertaining to agricultural real property complete agricultural-based education, and to encourage real property appraisers to complete continuing education related to their area of real property appraisal practice focus. The updated documents are on the agenda for the Board's review.

Director Kohtz then moved on to the Public Information section and informed the Board that the goal to explore adding disciplinary action orders/consent agreements to the Appraiser Listing search as a PDF attachment will likely undergo some changes. The Director noted that specific roster requirements are defined in statute, and according to the Attorney General's Office, including disciplinary action to the Nebraska Credentialed Real Property Appraiser Search page would not meet the intent of the roster requirements as defined in statute. The Director informed the Board that this does not mean the project cannot be completed, but that the way that disciplinary action orders and consent agreements are accessed needs to be changed. The Director then indicated that he is still working with the Attorney General's Office on an acceptable method.

Finally, the Director brought attention to the Administration section and noted that the status of the goal to complete the online AMC renewal application and upgrade to the AMC interface in the NRPAB Database is very close to completion as the project is scheduled to move to production on July 1, 2023.

The Director asked for any additional questions or comments on the 2022-23 NRPAB Goals and Objective and SWOT Analysis update. Chairperson Walkenhorst thanked Director Kohtz for the report. There was no further discussion.

J. FINANCIAL REPORT AND CONSIDERATIONS

1. APPROVAL OF APRIL RECEIPTS AND EXPENDITURES

The receipts and expenditures for April were presented to the Board for review in the Budget Status Report. Director Kohtz brought attention to the Data Processing Expense in the amount of \$8,362.62 and noted that this expenditure is primarily due to the AMC Online Renewal Application and NRPAB Database AMC Interface Update Project. As of this date, the project is significantly under budget. The Director indicated that the expenditures for the month of April totaled \$31,450.43, and the year-to-date expenditures for the fiscal year are \$315,059.56, which amounts to 65.09 percent of the of the budgeted expenditures for the fiscal year; 83.29 percent of the fiscal year has passed. The Director asked for any questions or comments. There was no further discussion.

The Director turned the Board's attention to revenues and informed the Board that the revenues for the month of April were \$17,062.32, and the year-to-date revenues for the fiscal year are \$371,360.16, which amounts to 87.45 percent of the projected revenues for the fiscal year. The Director reiterated that 83.29 percent of the fiscal year has passed. The Director then asked for any questions or comments. There was no further discussion.

Director Kohtz then brought attention to the MTD General Ledger for April and reported that the Payee/Explanations "CORRECTIONAL SERVICES, DEPARTM" and "NRPAB CSI STAFF MEMBER NAMEPLA" found on page J.6 pertain to the expenditure for BEPM Sims' nameplate for the board meeting room. The Director asked for any questions or comments. There was no further discussion.

The Director presented four graphs showing expenses, revenues, and cash balances. Director Kohtz once again pointed out the expenditures and revenues for the month of April for the Real Property Appraiser Program, which includes both the Appraiser Fund and the AMC Fund. The Director reported that the Real Property Appraiser Fund revenues for the month of April totaled \$7,377.88, the Real Property Appraiser Fund expenses totaled \$17,496.78, the AMC fund revenues totaled \$9,684.44, and the AMC expenses totaled \$13,953.65. Director Kohtz remarked that the cash balance for the AMC fund is \$331,394.24, the Appraiser Fund is \$440,487.80, and the overall cash balance for both funds is \$771,882.04. The Director asked for any questions or comments. There was no further discussion.

Board Member Downing moved to accept and file the April 2023 financial reports for audit. Board Member Hermesen seconded the motion. Chairperson Walkenhorst recognized the motion and asked for any discussion. With no discussion, Chairperson Walkenhorst called for a vote. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

2. 2023-2025 BIENNIAL BUDGET UPDATE – AM1730

Director Kohtz presented AM1730 to LB814 to the Board for review, and informed the Board that AM1730 provides authorization to the Board to hire an additional employee. AM1730 does not provide additional funding, but transfers funding from the operations appropriation to the PSL appropriation. Director Kohtz then indicated that significant budget changes must be made to clear the funding for an additional employee, and asked the Board how far it wants to reduce funding in operations to afford a new employee. The Director explained that the Appropriations Committee agreed with Governor Pillen that the funding for an additional FTE exists within the current appropriations. Director Kohtz indicated that the funding changes can be made, but the budget would be tight, and budget deficit requests may become an annual task. Director Kohtz provided three levels of options to the Board for consideration. The first option is to pursue another FTE Administrative Specialist classification, which would require approximately \$45,000.00 in changes to operations funding. The second option is to pursue the Office Specialist classification, which would reduce the previous amount mentioned by around \$10,000.00. The final option is to pursue a part-time employee, which would cut the previous funding changes in half depending on the classification. Director Kohtz expressed preference for an FTE employee and mentioned that hiring, training, and maintaining a part-time employee may be more time intensive and costly in the long run. The Director also indicated that other options could be considered depending on budgetary constraints, such as, it is just not possible to find \$45,000.00 in changes to operations funding. Director Kohtz then circled back and once again asked the Board what it would like the target to be. Board Members Walkenhorst, Downing, and Hermesen all expressed support for making the budgetary changes necessary to hire another Administrative Specialist classification. Chairperson Walkenhorst acknowledged the work that Director Kohtz put into securing the PSL funding and thanked the Director for his efforts. The Director then brought attention to changes the Board has made during the past few years that has resulted in lower expenditures, and expressed optimism for bringing another FTE Administrative Specialist employee on board. The Director asked for any questions or comments. There was no further discussion.

3. PER DIEMS

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

K. GENERAL PUBLIC COMMENTS

Chairperson Walkenhorst asked for any public comments. No members of the public were present. With no comments, Chairperson Walkenhorst moved on to Consideration of Education/Instructor Requests.

L. CONSIDERATION OF EDUCATION/INSTRUCTOR REQUESTS

1. NEW CONTINUING EDUCATION ACTIVITIES

a. ASFMRA “Cost Estimating” (2231403.01)

BEPM Sims presented a Memo to the Board concerning the Application for Approval as a Continuing Education Activity in Nebraska titled, “Cost Estimating,” and provided an update. At its regular meeting on March 16, 2023, the Board voted to hold the activity and request that materials be updated to contain current materials, theory, and methodology within thirty days. BEPM Sims presented the updated materials provided by ASFMRA to the Board. Board Member Downing stated that, while some of the materials appear dated, the methodologies are correct. Board Member Downing moved to approve the ASFMRA activity titled, “Cost Estimating” as presented. Board Member Hermesen seconded the motion. Chairperson Walkenhorst recognized the motion and asked for any discussion. With no discussion, Chairperson Walkenhorst asked for a vote. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

b. ASFMRA “Appraising Natural Resources: Oil, Gas, and Minerals” (2233453.01 and 2231455.01)

BEPM Sims then presented a Memo to the Board concerning the Application for Approval as a Continuing Education Activity in Nebraska for two continuing education activities titled, “Appraising Natural Resources: Oil, Gas, and Minerals,” received at the Board office on March 16, 2023. BEPM Sims reported that it is unclear as to whether or not these activities meet the requirements of 298 NAC Chapter 6, § 003.01A. Board Member Downing noted that agricultural appraisers do need to know how to value property above and below the ground and that this activity does contribute to a real property appraiser’s development of skills, knowledge, and competency in valuation methodology. Board Member Downing moved to approve the ASFMRA synchronous continuing education activity 2233453.01, titled “Appraising Natural Resources: Oil, Gas, and Minerals” and ASFMRA classroom continuing education activity 2231455.01 titled, “Appraising Natural Resources: Oil, Gas, and Minerals.” Board Member Hermesen seconded the motion. Chairperson Walkenhorst recognized the motion and asked for any discussion. With no discussion, Chairperson Walkenhorst called for a vote. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

2. NEW SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE REAL PROPERTY APPRAISER COURSES

a. Appraisal Institute “Supervisory Appraiser/Trainee Appraiser Course” (3231312.02 and 3233340.02)

BEPM Sims then presented a Memo to the Board concerning the Application for Approval as a Supervisory Real Property Appraiser and Trainee Course in Nebraska for two courses titled, “Supervisory Appraiser/Trainee Appraiser Course,” received at the Board office on March 13, 2023. BEPM Sims reported that these courses were submitted on continuing education applications and multiple attempts have been made to obtain the correct application for these courses. Director Kohtz requested that the Board consider giving the provider a month to submit the correct form, and that a notice from the Board may get some movement. The Board agreed with this request. Board Member Downing moved to request that education provider submit the two courses on the correct application forms prior to June 16, 2023. Board Member Hermesen seconded the motion. Chairperson Walkenhorst recognized the motion and asked for any discussion. With no discussion, Chairperson Walkenhorst called for a vote. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

M. UNFINISHED BUSINESS

1. OPEN AT-LARGE LICENSED REAL ESTATE BROKER POSITION

Director Kohtz informed the Board that he provided the feedback he received to the Governor’s Office, but that he had no other updates for the open At-Large Licensed Real Estate Broker position. Board Member Downing asked if there were still three applicants for the position. The Director confirmed that to date, there are three candidates. Chairperson Walkenhorst asked if the applications have been received at the Governor’s Office. The Director confirmed that they have been. There was no further discussion.

N. NEW BUSINESS

1. REPORT ON CHANGE TO CHRC PROCEDURES FOR AMC OWNERS OF 10 PERCENT OR MORE AT AMC RENEWAL_ APRIL 17, 2023

Director Kohtz presented a document titled, “Report on Change to CHRC Procedures for AMC Owners of 10 Percent or More at AMC Renewal_ April 17, 2023” to the Board for review. The Director reminded the Board that, at its strategic planning meeting on June 15, 2022, it set a goal to explore alternatives for verification of AMC owner AMC Rule background compliance related to AMC registration renewal, and then provided a brief summary of the report. The Director informed the Board that this topic is timely as reducing the number of CHRCs for owners of more than 10% of an AMC at renewal of registration is one of the ways that the Board could reduce operations expenditures. Director Kohtz then provided the rationale for making this change. When referring to a person applying for issuance of a registration or renewal of a registration, a person shall not, per Neb. Rev. Stat. § 76-3207(1)(b), “Be more than ten percent owned by a person who is not of good moral character, which for purposes of this section shall require that such person has not been convicted of, or entered a plea of nolo contendere to, a felony relating to the real property appraisal practice or any crime involving fraud, misrepresentation, or moral turpitude or failed to submit to a criminal history record check through the Nebraska State Patrol and the Federal Bureau of Investigation.”

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Although N.R.S. § 76-3207(2) establishes the CHRC requirement for each individual owner of more than ten percent of an AMC at the time an application for issuance of a registration is made for the purpose of N.R.S. § 76-3207(1)(b), no such CHRC requirement is established for each individual owner of more than ten percent of an AMC at the time an application for renewal of a registration is made. Throughout the Appraisal Management Company Registration Act, the requirements for issuance of a registration are defined separately from the requirements for renewal of a registration. This is established by the use of specific phrasing “issuance of a registration” and “renewal of a registration.”

The Director then reported that many peer states require CHRCs for all owners of 10% or more of an AMC at initial registration, but only require a CHRC for new owners of 10% or more of an AMC after initial registration. The procedure for carrying out these CHRCs varied from state to state. Director Kohtz informed the Board that he has had discussions with the AAG Schultz regarding new owners identified outside of the AMC registration renewal period, and AAG Schultz opined that the Board has the authority to request a CHRC in these situations. The Director indicated that he hesitates to require a CHRC outside of the registration renewal process, as it may create confusion for an AMC. Director Kohtz continued by saying that a CHRC can still be carried out for any new owner of more than ten percent of an AMC, as identified by the Board, at the time application for renewal of a registration is made, which would ensure that all owners of more than 10 percent of any AMC would have a CHRC. No longer carrying out a CHRC for any individual owner of more than ten percent of an AMC that has had a CHRC previously completed would save the agency money and reduce an unnecessary burden on owners of more than ten percent of an AMC that has previously completed a CHRC. The Director then mentioned that Rapback reports issued by the Nebraska State Patrol, which identify criminal activity for those that have had a CHRC completed, could also be utilized by the Board. The Board agreed that it should pursue this change and requested that Director Kohtz draft a Guidance Document for consideration at the June meeting.

O. LEGISLATIVE REPORT AND BUSINESS

1. 108th LEGISLATURE (1ST REGULAR SESSION) BILLS OF NRPAB INTEREST

Director Kohtz presented the fifth legislative report of the current session to the Board for review. The following bills were discussed:

LB302 – The Director reported that AM1368 was filed on April 25, 2023. The language closely mirrors that that found in AM603.

LB814 – The Director reported that LB814 was presented to the Governor on May 18, 2023.

Director Kohtz asked for any questions or comments concerning the legislative report. There was no further discussion.

2. Title 298: No discussion.

3. OTHER LEGISLATIVE MATTERS: No discussion.

P. ADMINISTRATIVE BUSINESS

1. GUIDANCE DOCUMENTS: No discussion.

2. INTERNAL PROCEDURAL DOCUMENTS: No discussion.

3. FORMS, APPLICATIONS, AND PROCEDURES:

a. 2022-2023 Goals and Objectives Document Update

Director Kohtz informed the Board that all of the documents found under Agenda Item 3.a are updated to address the Board's goals to encourage potential real property appraiser applicants who intend to engage in real property appraisal practice pertaining to agricultural real property complete agricultural-based education, and to encourage real property appraisers to complete continuing education related to their area of real property appraisal practice focus. Director Kohtz requested that the Board take action on all of the documents listed under Agenda Item 3.a upon completion of the review of each document if no changes are required. The Board agreed to make one motion for all items.

i. Supervisory Real Property Appraiser Approval Form Letter

Director Kohtz presented the Supervisory Real Property Appraiser Approval Form Letter to the Board for consideration. The Director guided the Board to the proposed language change found on page P.2, and asked for any questions or concerns. There was no further discussion.

ii. Trainee Real Property Appraiser Approval (Supervisory Appraiser) Form Letter

Director Kohtz presented the Trainee Real Property Appraiser Approval (Supervisory Appraiser) Form Letter to the Board for consideration. The Director guided the Board to the proposed language change found on page P.5, and asked for any questions or concerns. There was no further discussion.

iii. Trainee Real Property Appraiser Approval (no Supervisory Appraiser) Form Letter

Director Kohtz presented the Trainee Real Property Appraiser Approval (no Supervisory Appraiser) Form Letter to the Board for consideration. The Director guided the Board to the proposed language change found on page P.9, and asked for any questions or concerns. There was no further discussion.

iv. Certified General Real Property Appraiser Credential Requirements

Director Kohtz presented the Certified General Real Property Appraiser Credential Requirements website document to the Board for consideration. The Director guided the Board to the proposed language change found on page P.14, and asked for any questions or concerns. There was no further discussion.

v. Credential Renewal Questions and Answers

Director Kohtz presented the Credential Renewal Questions and Answers document to the Board for consideration. The Director guided the Board to the proposed language change found on page P.17, and asked for any questions or concerns. There was no further discussion.

Board Member Downing moved to approve the Supervisory Real Property Appraiser Approval Form Letter, Trainee Real Property Appraiser Approval (Supervisory Appraiser) Form Letter, Trainee Real Property Appraiser Approval (no Supervisory Appraiser) Form Letter, Certified General Real Property Appraiser Credential Requirements, and the Credential Renewal Questions and Answers documents as presented. Board Member Hermesen seconded the motion. Chairperson Walkenhorst recognized the motion and asked for any discussion. With no discussion, Chairperson Walkenhorst called for a vote. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

b. Request for Criminal History Record Information

Director Kohtz presented the document titled, "Request for Criminal History Record Information" to the Board for consideration. The Director informed the Board that during the last FBI audit of the Board's CHRC program, the Board was requested to change the record retention for CHRCs. These records are retained by the Board for two years instead of ninety days as previously indicated in this document. When the updates were being made after the last audit, this update was missed. Board Member Downing moved to approve the Request for Criminal History Record Information form as presented. Board Member Hermesen seconded the motion. Chairperson Walkenhorst recognized the motion and asked for any discussion. With no discussion, Chairperson Walkenhorst called for a vote. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

Q. OTHER BUSINESS

1. BOARD MEETINGS: No discussion.

2. CONFERENCES/ EDUCATION

a. Kohtz Spring AARO Conference Report

Director Kohtz reported that he attended the 2023 Spring AARO Conference May 9-11, 2023 in Savannah, GA. The Director provided a detailed summary of the conference for the board members to review, and noted the following highlights:

- The Appraisal Subcommittee has started the State Appraiser and AMC Compliance Reviews. Some issues that the ASC reported were, the AMC rules, staffing changes, new state technologies and processes, as well as backlogged investigations. The ASC is currently focused on Appraisal Bias and is studying USPAP and AQB Qualification Criteria and will be sending out an Appraiser Profession Survey. The ASC also provided an update on Federal Legislation. Various bills include creating an appraiser licensing information portal, adding the VA and USDA RHD to the ASC, allowing licensed appraisers back on the FHA roster, adding trainees to the National Registry, broadening the ASC grant-making authority, and improving governance of the appraisal industry.

- The Appraisal Foundation discussed Foundation resources for state regulators and the state regulator advisory groups.
- The AQB focused on additional qualifying and continuing education that meets the content requirements of the Valuation Bias and Fair Housing Laws and Regulations course content outline. The AQB also reported that, to date, nine concept reviews have been submitted to date, and eight providers are actively working on PAREA programs. The AQB also reported that the CAP delivery mechanism approval is now available for asynchronous activities. A subject matter expert is writing new exam items and the AQB will be reviewing them this summer. Finally, the fifth exposure draft of USPAP has been adopted and will not have an end date.
- Appraisal Institute and McKissock gave a presentation on their PAREA programs. McKissock explained their PAREA program will include dashboards and simulations; a mix of urban, suburban, and rural experiences and geographies; and interaction between the mentor and the student. The Appraisal Institute is aiming for a start date of September 1, 2023 with a pilot program of invited cohorts. The Appraisal Institute's research shows a value up to \$5,000.00 per seat. Payment plans and a scholarship program will address affordability.
- At the Executive Directors and Administrators Roundtable, several items were discussed. Most agencies are utilizing a hybrid work schedule with employees working from a remote location and in the office, while other agencies are 100% remote work. PAREA credit, discrimination by state agencies in the disciplinary process, artificial Intelligence and hypothetical situations from an administrative perspective, and military personnel and license portability were all discussed.
- A presentation was given by the State of Texas and HUD on Fair Housing.
- A presentation was given on board member legal concerns and the administrative law process.
- Freddie Mac reported that refinance and purchase volume is down from the second half of 2022 through 2023, and appraiser capacity dropped significantly at the beginning of 2023 but are now rebounding. During a review of the last four months, Freddie Mac noted a positive trend for refinance and purchase volume and appraiser capacity. Freddie Mac also brought attention to appraisal issues it is observing, specifically, unacceptable appraisal practices for comparable selection, appraiser reluctance in analyzing market conditions, not properly addressing buydowns and seller concessions, unsupported condition adjustments, and overvaluation.

- Fannie Mae reported that it is developing a UAD curriculum that focuses on the importance of value and the management of risks. Loan to value ratio is Fannie Mae's fundamental driver and risk management is the cornerstone. The Fannie Mae Selling Guide was updated with the new term "value acceptance," which replaces the term "appraisal waiver". Value acceptance and property data is a new option that requires collection of subject property data in conjunction with value acceptance. Hybrid appraisals are allowed, but only on a limited basis. These alternate methods have been added to Form 1004D. Fannie Mae reported that the modern valuation spectrum ranges from value acceptance to value determination. According to Fannie Mae, Property Data Collection (PDC) consists of a standardized interior and exterior data collection in which appraisers are well suited to do this work. To become a Property Data Collector, a background check and professional training is required.

The Director concluded the report on AARO and asked the Board for any questions or comments. There was no further discussion.

3. MEMOS FROM THE BOARD: No discussion.

4. QUARTERLY NEWSLETTER: No discussion.

5. APPRAISAL SUBCOMMITTEE

a. ASC Compliance Review

i. 2023 ASC Staff Preliminary Compliance Review Findings of the Nebraska Appraiser Program_April 18, 2023

Director Kohtz presented the document titled, "2023 ASC Staff Preliminary Compliance Review Findings of the Nebraska Appraiser Program_April 18, 2023" to the Board for review. The Director informed the Board that all areas were found to be in compliance. There was no further discussion.

ii. 2023 ASC Staff Preliminary Compliance Review Findings of the Nebraska AMC Program_April 18, 2023

Director Kohtz presented the document titled, "2023 ASC Staff Preliminary Compliance Review Findings of the Nebraska AMC Program_April 18, 2023" to the Board for review. The Director informed the Board that the preliminary findings state that the Board's Statutes, Regulations, Policies and Procedures are not compliant. ASC staff observed that the State's regulations require federally regulated AMCs to report additional information that is not consistent with the AMC rule. Director Kohtz indicated that he is working with the Governor's Policy and Research Office to get the rules approved. The Director informed the Board that its response is due mid-June. Director Kohtz then asked, if the adopted changes to Title 298 are not approved in time, and a response must be provided to the finding, how would the Board want to approach this response. One option is to accept the findings and respond that the rules are in the process of being approved without the violating language and this language is not being utilized in practice. This will likely get the finding moved to an area of concern. The other option would be to challenge the finding.

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The problem with this method is that the finding could be removed or stand as is.

Chairperson Walkenhorst expressed support for accepting the finding and providing a response that does not challenge the finding. The Board concurred with the Chairperson. Director Kohtz thanked the Board for the guidance and informed the Board that he would provide a draft of the response to board members for review before it is sent if this is necessary.

b. Nebraska PAVE Dashboard Results

Director Kohtz presented the PAVE Dashboard results for Nebraska to the Board for review. The Director informed the Board that the PAVE Dashboard is to publish additional requirements to entry. Director Kohtz indicated that he sent the email on page Q.14 expressing concern with the content, the methodology, and the ASC's role in the development of the PAVE Dashboard that he worked on with Chairperson Walkenhorst. Initially, a response was provided by ASC Attorney Natalie Lutz, which did not address the majority of the concerns specified in the email. Director Kohtz informed the Board that he spoke with Jim Park and Denise Graves at the AARO Conference about this. Shortly after that, he was contacted by Natalie Lutz, who requested a meeting, which took place on May 18, 2023. The Director indicated that, based on the discussions at that meeting, there will be significant changes made to the PAVE Dashboard that address many of the concerns raised in the email sent. Director Kohtz informed the Board that it will still have one "Y" for exam requirements, but acknowledged that the Criteria is very specific in this area, and the Real Property Appraiser Act does exceed the minimum. This will be a discussion item at the strategic planning meeting. Chairperson Walkenhorst thanked the Director for his work on this. The Director asked for any questions or comments. There was no further discussion.

6. THE APPRAISAL FOUNDATION

a. Appraisal Standards Board Adopts New Edition of USPAP

Director Kohtz presented a press release issued by The Appraisal Foundation titled, "Appraisal Standards Board Adopts New Edition of USPAP" to the Board for review. The Director informed the Board that he had no specific comments, and asked for any questions or comments. There was no further discussion.

b. Second Exposure Draft of Proposed Changes to the Real Property Appraiser Qualifications Criteria

Director Kohtz presented the Second Exposure Draft of Proposed Changes to the Real Property Appraiser Qualifications Criteria to the Board for review. The Director informed the Board that the second exposure draft includes the two changes proposed in the first exposure draft, adding qualifying education and continuing education requirements for course work in valuation bias and fair housing laws and regulations in addition to revising and updating the name of the current 7-Hour National USPAP Update Course. The second exposure slightly modifies the proposed requirements. The Director asked for any questions or comments. There was no further discussion.

c. The Appraisal Foundation May Newsletter

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

d. Appraisal Institute PAREA Program Receives Approval from Appraiser Qualifications Board

Director Kohtz presented a press release issued by The Appraisal Foundation titled, "Appraisal Institute PAREA Program Receives Approval from Appraiser Qualifications Board" to the Board for review. The Director informed the Board that the Appraisal Institute's Licensed Residential PAREA Program has received approval from the Appraiser Qualifications Board. Director Kohtz asked for any questions or comments. There was no further discussion.

e. AQB Public Meeting: June 22, 2023 – Virtual

Director Kohtz informed the Board that the Appraiser Qualifications Board will hold its next public meeting virtually on June 22, 2023 and asked for any questions or comments. There was no further discussion.

7. ASSOCIATION OF APPRAISER REGULATORY OFFICIALS: No discussion.

8. IN THE NEWS: No discussion.

Board Member Downing moved to go into executive session at 11:00 a.m. Board Member Hermesen seconded the motion. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

Board Member Downing moved to exit executive session at 11:10 a.m. Board Member Hermesen seconded the motion. The motion carried with Downing, Hermesen, and Walkenhorst voting aye.

C. CREDENTIALING AS A NEBRASKA REAL PROPERTY APPRAISER

The Board reviewed applicants CR22013, CR23004, CG22005, and CG22024R. Chairperson Walkenhorst asked for motions on CR22013, CR23004, CG22005, and CG22024R.

Board Member Downing moved to take the following action:

CR22013 / Deny application for failure to pass the National Uniform Licensing and Certification Examination within the twelve months following approval of applicant's education and experience as required under Neb. Rev. Stat. § 76-2231.01(1)(g).

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

Board Member Downing moved to take the following action:

CR23004 / Authorize staff to select two additional reports, one single-family residential property and one two-to-four unit property, in which no supervisor hours were reported, from the Applicant Real Property Appraisal Practice Experience Log submitted on March 21, 2023, and authorize the director to select one report to be sent to a disinterested third-party contractor for a USPAP compliance review.

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

Board Member Downing moved to take the following action:

CG22005 / Deny application for failure to have experience acceptable to the Board as required under Neb. Rev. Stat. § 76-2232(1)(e)(i). Assign Board Members Luhrs and Downing to work with staff to draft letter to be sent explaining the deficiencies as determined by the Board.

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

Board Member Downing moved to take the following action:

CG22024R / Authorize Director to approve application upon receipt of final order of court.

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

D. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY

The Board reviewed the registration for applicant NE2016005. Chairperson Walkenhorst asked for a motion on NE2016005.

Board Member Downing moved to take the following action:

NE2016005 / Deny application for failure of each individual owner of more than ten percent of the appraisal management company to meet the fingerprint submission requirements as defined in Neb. Rev. Stat. § 76-3207(2).

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

E. CONSIDERATION OF COMPLIANCE MATTERS

The Board reviewed Grievances 23-01 and 23-02. Chairperson Walkenhorst asked for a motion on Grievance 23-02.

Board Member Downing moved to take the following action:

23-02 / Dismiss with Prejudice

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

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS

1. 2023.07

The Board reviewed an executed copy of a Confidential Settlement and Release Agreement that a Nebraska real property appraiser entered into related to real property appraisal practice services provided. No action was taken by the Board.

2. PERSONNEL MATTERS

a. Director's Performance Review Discussion

The Board discussed personnel matters. Board Member Downing moved to increase the Director's salary by 7.0% as recommended by the Governor and approved by the Legislature for FY 2023-24, effective July 1, 2023. Board Member Hermesen seconded the motion. Motion carried with Downing, Hermesen, and Walkenhorst voting aye.

R. ADJOURNMENT

Board Member Downing moved to adjourn the meeting. Board Member Hermesen seconded the motion. Motion carried with Downing, Hermesen, and Walkenhorst voting aye. At 11:14 a.m., Chairperson Walkenhorst adjourned the May 25, 2023 meeting of the Nebraska Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on June 2, 2023, in compliance with Nebraska Revised Statute § 84-1413 (5).