

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

October 26, 2023 Meeting Minutes

A. OPENING

Chairperson Walkenhorst called to order the October 26, 2023 meeting of the Nebraska Real Property Appraiser Board at 9:00 a.m. in the Nebraska Real Property Appraiser Board meeting room located on the first floor of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

B. NOTICE OF MEETING

Chairperson 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 October 17, 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, Cody Gerdes of Lincoln, Nebraska, and Kevin Hermsen of Gretna, Nebraska were present. Thomas Luhrs of Imperial, Nebraska was absent and excused. Also present were Director Tyler Kohtz, Licensing Programs Manager Allison Nespor, and Education Program Manager Kashinda Sims, who are headquartered in Lincoln, Nebraska.

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 Gerdes seconded the motion. With no further discussion, the motion carried with Downing, Gerdes, Hermsen, 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 Gerdes seconded the motion. The time on the meeting clock was 9:03 a.m. The motion carried with Downing, Gerdes, Hermsen, and Walkenhorst voting aye.

Board Member Downing moved to come out of executive session at 9:50 a.m. Board Member Gerdes seconded the motion. The motion carried with Downing, Gerdes, Hermesen, and Walkenhorst voting aye.

Break from 9:50 to 10:00

G. WELCOME AND CHAIR'S REMARKS

Chairperson Walkenhorst welcomed all to the October 26, 2023 meeting of the Nebraska Real Property Appraiser Board and thanked everyone for attending. The Chairperson recognized Roger Morrissey as the only member of the public in attendance and Karen Loll as a guest.

H. BOARD MEETING MINUTES

1. APPROVAL OF SEPTEMBER 21, 2023 MEETING MINUTES

Chairperson Walkenhorst asked for any additions or corrections to the September 21, 2023 meeting minutes. With no discussion, Chairperson Walkenhorst called for a motion. Board Member Downing moved to approve the September 21, 2023 meeting minutes as presented. Board Member Gerdes 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, Gerdes, Hermesen, and Walkenhorst 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 October 26, 2023 to the Board for review. The Director indicated that trends are stable and that he had no specific comments. 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 September 30, 2023 to the Board for review. The Director indicated that he had no specific comments on this report and the trends are stable. The Director 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 October 26, 2023 to the Board for review. The Director stated that the trends are stable and asked for any questions or comments. There was no discussion.

d. Appraisal Management Company Report

Director Kohtz presented two charts outlining the number of AMCs as of October 26, 2023 to the Board for review and remarked that trends are stable at the moment. The Director asked for any questions or comments. There was no further 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 September 13, 2023 and October 17, 2023. The Director asked for any questions or comments. Chairperson Walkenhorst requested clarification regarding the length of the identifying number on the last line compared to the other lines. LPM Nespor informed the Board that at the time report was created, the credentialing fee had not yet been received for this applicant, so the application was approved, but no credential was awarded. The number for this individual is the applicant number, while the numbers for the other individuals are their credential numbers. Chairperson Walkenhorst thanked LPM Nespor. There was no further discussion.

b. Appraisal Management Company Report

Director Kohtz presented the Appraisal Management Company Report to the Board for review showing appraisal management companies approved for registration by the Director for the period between September 13, 2023 and October 17, 2023. The Director asked for any questions or comments. LPM Nespor informed the Board that there will likely be a couple more AMCs that do not renew their registrations by next month. There was no further discussion.

c. Education Activity and Instructors Report

Director Kohtz presented the Education Activities and Instructors Report to the Board for review showing education activity and instructors approved by the Director for the period between September 13, 2023 and October 17, 2023. The Director asked for any questions or comments. There was no further discussion.

3. 2023-24 NRPAB GOALS AND OBJECTIVES + SWOT ANALYSIS

Director Kohtz presented the 2023-2024 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 goals and objectives and reported that an update will be provided under Section O on the agenda for the goals to work with the Banking, Commerce, and Insurance Legislative Committee's Legal Counsel to draft a bill for introduction addressing the changes needed in the Real Property Appraiser Act and Appraisal Management Company Registration Act. The Director moved to the Personnel goals and objectives and informed the Board that an update will be provided under Section M on the agenda. Finally, Director Kohtz guided the Board's attention to the Public Information goals and objectives and reported that the project to populate the disciplinary history search with the ten-year real property appraiser and AMC disciplinary action history for active credential and registration holders is in progress. The Director indicated that the plan is to present the finished product to the Board at its November meeting.

Director Kohtz closed the Director's Report by introducing Karen Loll as an SOS temporary employee hired to fill the role as the Board's Business Programs Manager, and informed the Board that Loll will be with the Board in a part-time capacity through mid-December. Loll will be transitioned to a fulltime regular employee when school is completed at Southeast Community College. The board members welcomed Loll.

J. FINANCIAL REPORT AND CONSIDERATIONS

1. APPROVAL OF SEPTEMBER RECEIPTS AND EXPENDITURES

The receipts and expenditures for September were presented to the Board for review in the Budget Status Report. Director Kohtz brought attention to the Data Processing Expense of \$3,456.79 and reported that this expense includes database updates and bug fixes related to investigative data entry and AMC registration cards. The Director then guided the Board's attention to Non-Capitalized Equipment Purchase and informed the Board that the expense in the amount of \$290.00 is for the purchase of the main work area table that replaced the pullout shelf work areas on the previously sold lateral filing cabinets. Director Kohtz indicated that the expenditures for the month of September totaled \$28,526.71, and the year-to-date expenditures for the fiscal year are \$87,497.92, which amounts to 20.19 percent of the budgeted expenditures for the fiscal year not including certified encumbrances; 25.21 percent of the fiscal year has passed. The Director asked for any questions or comments. There was no further discussion.

Director Kohtz then brought the Board's attention to revenues and reported that the real property appraiser renewal revenues remained steady. Director Kohtz then guided the Board to the Sale – Surplus Property/ Fixed Asset and reported that the Board received \$11.04 in revenues for sale of the three office chairs. For the month of September, the total revenues were \$15,446.45, and the year-to-date revenues for the fiscal year are \$61,449.85, which amounts to 16.81 percent of the projected revenues for the fiscal year. The Director reiterated that 25.21 percent of the fiscal year has passed. Director Kohtz asked for any questions or comments. There was no further discussion.

Director Kohtz then brought attention to the MTD General Ledger Detail report for the month of September and guided the Board's attention to the record for account number 491300, Sale – Surplus Prop/Fixed Asset, on page J.6 and reported that this record pertains to the sale of the three office chairs. The Director then turned the Board's attention to account number 532100 on J.7 and informed the Board that the payee "Correctional Services, Departm" is Cornhusker Industries, or the Department of Corrections, which is where the main work area table was purchased. The Director asked for any questions or comments. There was no further discussion.

Director Kohtz presented four graphs showing expenses, revenues, and cash balances. The Director again noted the expenditures and revenues for the month of September 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 expenses totaled \$18,668.93, the Real Property Appraiser Fund revenues totaled \$11,687.93, the AMC expenses totaled \$9,857.78, and the AMC fund revenues totaled \$3,758.52. Director Kohtz remarked that the cash balance for the AMC fund is \$397,513.25, the Appraiser Fund is \$314,957.60, and the overall cash balance for both funds is \$712,470.85 as of the end of September.

Board Member Downing moved to accept and file the September financial reports for audit. Board Member Gerdes 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, Gerdes, Hermesen, and Walkenhorst voting aye.

2. PER DIEMS

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

K. GENERAL PUBLIC COMMENTS

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

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

M. UNFINISHED BUSINESS

1. OPEN AT-LARGE LICENSED REAL ESTATE BROKER POSITION

Director Kohtz informed the Board that has no updates regarding the open At-Large Licensed Real Estate Broker position. The Director indicated that he continues to contact the Governor's office but is not receiving a response. The Director asked for any questions or comments. There was no further discussion.

2. OPEN AT-LARGE REPRESENTATIVE OF FINANCIAL INSTITUTIONS POSITION

Director Kohtz informed the Board that he has no updates regarding the open At-Large Representative of Financial Institutions position. The Director reiterated that he continues to contact the Governor's office but is not receiving a response. The Director asked for any questions or comments. The Board acknowledged the challenges associated with transitioning to a new administration, but expressed disappointment regarding the progress made on these two board member appointments. Director Kohtz agreed and added that he does what he can within his control. Board Member Gerdes asked if there are active applicants for the openings. The Director responded that there are for the Broker's position, but is not sure if there are for the Financial Institutions position. Chairperson Walkenhorst indicated that there should be at least one for the Financial Institutions position.

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Chairperson Walkenhorst thanked the Director for his efforts to date and asked if it would be helpful if the Board sent a letter to the Governor. The Director responded by saying that it may not be a bad idea, and offered to draft a letter for Chairperson Walkenhorst to sign. Director Kohtz added that he will send it out to all board members to get feedback before it is signed. Board Member Downing indicated that their office is having a ribbon cutting next week and she may have the opportunity to discuss the openings with the Governor. Director Kohtz indicated that this opportunity may be an even better approach as it is more personal. Chairperson Walkenhorst asked if a motion was needed to authorize the Director to draft a letter to the Governor. The Director requested that a motion be made. Board Member Downing moved to authorize Director Kohtz to draft a letter to the Governor on behalf of the Board to highlight the importance of making board member appointments. Board Member Gerdes 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, Gerdes, Hermsen, and Walkenhorst voting aye.

3. BUSINESS PROGRAMS MANAGER POSITION UPDATE

Director Kohtz once again introduced Karen Loll to the Board and reiterated that Loll will transition to the Board's permanent full-time position in mid-December. The Director asked for any questions or comments. There was no further discussion.

4. EXPLORE ADDITION OF NRPAB APPLICANT REAL PROPERTY APPRAISAL PRACTICE LOG SAMPLE TO WEBSITE

LPM Nespor presented the document titled, "Real Property Appraisal Practice Experience Log Sample Entries" the Board for consideration. LPM Nespor summarized each log example and explained the purpose of each example. LPM Nespor informed the Board that the goal is to provide examples for log entries that may not be obvious to the supervisory real property appraiser or the trainee real property appraiser. LPM Nespor also emphasized that the document contains examples of early, middle, and late real property appraisal practice experience reporting, where the trainee real property appraiser's contribution increases over time. LPM Nespor asked if the Board would like to see any additional examples, or any changes to the existing examples as presented. Chairperson Walkenhorst expressed his appreciation to LPM Nespor for preparing this document. Board Member Hermsen asked if this document would be distributed to existing supervisory real property appraisers and trainee real property appraisers. LPM Nespor responded that the document would be available on the website. In addition, all new supervisory real property appraisers and trainee real property appraisers will receive a copy of the document with their approval letter. Board Member Hermsen thanked LPM Nespor for the information. Director Kohtz asked for a vote to approve the document for public display.

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Board Member Downing moved to approve the document titled, “Real Property Appraisal Practice Experience Log Sample Entries” for public display on the Board’s website and for distribution to new supervisory real property appraisers and trainee real property appraisers. Board Member Gerdes 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, Gerdes, Hermesen, and Walkenhorst voting aye.

N. NEW BUSINESS

1. NEW NEBRASKA TESTING LOCATIONS ADDED BY PSI FOR THE NATIONAL UNIFORM LICENSING AND CERTIFICATION EXAMINATION

Director Kohtz presented a Memo to the Board titled, “New Nebraska Testing Locations Added by PSI for the National Uniform Licensing and Certification Examination” to the Board for review. The Director reported that an applicant approved to sit for exam expressed dissatisfaction with the number of available testing locations to LPM Nespor. LPM Nespor brought this concern to Director Kohtz’s attention. The Director informed the Board that he was unaware of any additional testing locations available as PSI has never offered any additional locations. Director Kohtz indicated that he research other State agencies that utilize PSI for testing and found that the Department of Insurance has quite a few additional locations. LPM Nespor reached out to PSI at the Director’s request to inquire about the possibility of adding the same locations for the National Uniform Licensing and Certification Examination. The Director reported that testing locations were added in Grand Island, Norfolk, and Sidney. In addition, a second location was added in North Platte and two more locations were added in Omaha. The Director asked for any questions or comments. The Board thanked staff for getting the additional testing locations added for the National Uniform Licensing and Certification Examination. There was no further discussion.

2. NEBRASKA STATE PATROL RAPBACK REPORTS DISCONTINUED

Director Kohtz brought attention to the Board’s discussions during the 2023 strategic planning meeting concerning criminal history record checks for more than 10% owners of AMCs who have already had a CHRC completed for the purpose of AMC ownership, and for existing real property appraisers at renewal. During those discussions, the Director continued, the Board set goals to only require a CHRC for a more than 10% owner of an AMC that has not already had a CHRC completed for the purpose of AMC ownership, and to sunset the Real Property Appraiser Renewal Random Fingerprint Program. One of the points used as support during these discussions was that the Board would receive Rapback Reports from the Nebraska State Patrol for when an owner or real property appraiser has a charge recorded. Director Kohtz informed the Board that the Nebraska State Patrol will no longer be disseminating Rapback Reports to agencies. The Director indicated that since the Rapback Reports were discussed during the goal-making process, he wanted the Board to be aware of this development and have the opportunity to change these goals if the Board sees it as necessary. LPM Nespor added that the Nebraska State Patrol deemed the information unreliable. The Director asked for any questions or comments. The Board agreed that it should continue as planned with the goals established. There was no further discussion.

O. LEGISLATIVE REPORT AND BUSINESS

1. NEBRASKA REAL PROPERTY APPRAISER ACT UPDATE

a. REQ05050_October 11, 2023

Director Kohtz presented REQ05050 the Board for consideration. The Director remarked that this is the Board's Real Property Appraiser Act Update draft in a bill draft format. Except for a couple of minor changes, the bill draft is identical to the Board's Real Property Appraiser Act Update draft. The Director the proceeded to outline the differences and guided the Board to page O.5, line 15, and informed the Board that the bill drafter utilized the language "if submitting an application on or before December 31, 2025" and "if submitting an application after December 31, 2025" for implementation of the change to the class hour requirement for the valuation bias and fair housing laws education. Director Kohtz reminded the Board that it was interested in this language structure during review of the Real Property Appraiser Act Update draft. The Board previously discussed the date received for submitting an application on or before January 1, 2026. The Director reported that the committee legal counsel would change the language to statutory clarification. Director Kohtz then moved to page O.12, line 29, and informed the Board that the subdivision reference (c)(i) should be (b)(i) to reference the correct subdivision. The Director asked for any questions or comments. With none, Board Member Downing moved to approve REQ05050 for public comment as amended to update the subdivision reference on page O.12, line 29 as recommended. Board Member Gerdes 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, Gerdes, Hermesen, and Walkenhorst voting aye.

2. NEBRASKA APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT UPDATE

a. REQ05049_September 29, 2023

Director Kohtz presented REQ05049 the Board for consideration, and remarked that this is the Board's Appraisal Management Company Registration Act Update draft in a bill draft format. The Director moved to page O. 38, line 8, and informed the Board that the date should be updated to January 1, 2024. Board Member Gerdes asked if the board could remove the date entirely. Director Kohtz responded that this could not be done as the legislature would consider it to be ceding power to the federal government. The Director asked for any questions or comments. With none, Board Member Downing moved to approve REQ05049 for public comment as amended to update 2019 to 2024 on page O.38, line 8 as recommended. Board Member Gerdes 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, Gerdes, Hermesen, and Walkenhorst voting aye.

3. OTHER LEGISLATIVE MATTERS: No discussion.

P. ADMINISTRATIVE BUSINESS

1. GUIDANCE DOCUMENTS: No discussion.

2. INTERNAL PROCEDURAL DOCUMENTS

a. 201709: Appraisal Review Services Contractor Fees

Director Kohtz presented Internal Procedure 201709 titled, “Appraiser Review Services Contractor Fees” to the Board for review. The Director informed the board that these are the set fees for appraisal review services utilized by staff. Director Kohtz reminded the Board that it wished to discuss these fees while reviewing the amended scope of service language in the Nebraska Real Property Appraiser Applicant Appraiser Review Services Agreement and the Subject Matter Expert Services Agreement. The Director recommended that the Board table discussion of this agenda item until after review of Agenda Item 3.B. The Board agreed with this recommendation.

3. FORMS, APPLICATIONS, AND PROCEDURES:

a. Education Document Updates

i. Application for Approval as a Qualifying Education Activity in Nebraska

EPM Sims presented an updated document titled, “Application for Approval as a Qualifying Education Activity in Nebraska” to the Board for consideration. EPM Sims guided the Board to page P.4 and indicated that the requirement that an education provider include evidence of a written, closed book final examination with the application is stricken under “Distance Education Qualifying Education Activities” as all qualifying education activities are required to have a written, closed book final examination. An AQB approved education activity would have the exam approval included, so the Board only needs to collect such information if the submitted qualifying education activity is a non-AQB approved activity. The language stricken under “Distance Education Qualifying Education Activities” is added to the “Non-AQB CAP/Degree in Real Estate Approved Qualifying Education Activities” section of the application for clarification.

ii. Application for Approval as a Continuing Education Activity in Nebraska

EPM Sims presented an updated document titled, “Application for Approval as a Continuing Education Activity in Nebraska” to the Board to consideration. EPM Sims noted on page P.10 the language for a closed-book final examination was amended under the “Distance Education Continuing Education Activities” section; only “closed-book final exam” remains. The detailed language stricken in this section is also added to the “Non-AQB Approved Continuing Education Activities” section. If there is an exam for an AQB approved activity, the exam would meet the requirements of the Real Property Appraiser Qualifications Criteria and Title 298. If a continuing education activity is not AQB approved, then the exam, if applicable, must be provided for review. The Real Property Appraiser Qualifications Criteria requires that a distance education activity with asynchronous delivery includes either a closed-book final exam or prescribed activity mechanisms required to demonstrate knowledge of the subject matter. Director Kohtz commented that the language in the application is being simplified to assist education providers with completing the application, and to simplify staff review.

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Now that education providers have a choice for delivery mechanism approval, many times both the IDECC and AQB delivery method approvals are submitted with an application. This creates confusion during the review as it is not clear which approval should be utilized as the activity could be approved with different activity knowledge mechanisms depending on the delivery mechanism approval. The amended language requires that the education provider identify one or the other activity knowledge mechanism, which will be used by staff to determine how to proceed with review of the application.

Board Member Downing moved to approve the Application for Approval as a Qualifying Education Activity in Nebraska and the Application for Approval as a Continuing Education Activity in Nebraska as presented. Board Member Gerdes 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, Gerdes, Hermesen, and Walkenhorst voting aye.

b. Appraisal Review Services Agreements

i. Applicant Appraiser Review Services Agreement

Director Kohtz presented the updated document titled, “Nebraska Real Property Appraiser Applicant Appraiser Review Services Agreement” to the Board for consideration. The Director reported that the Scope of Work section of this contract is amended to incorporate the changes recommended by the Board at its September 21, 2023 meeting. The Director asked for any questions or comments. Chairperson Walkenhorst asked if he or him, and she or her, could be changed to they and them throughout as appropriate. Director Kohtz informed the Board that this could be done. Public Member Roger Morrissey requested permission to speak. Chairperson Walkenhorst granted Morrissey permission to speak. Morrissey requested clarification regarding the language format for Standards Rule 1 and 2 under Section G located on P.17. Director Kohtz clarified that the standards rules were actually left blank as this should be determined at the time the contract is prepared. The review could be on a Standards 1 and 2 report, a Standards 3 and 4 report, or a Standards 5 and 6 report. Morrissey thanked the Director for the clarification. Director Kohtz asked Board Members Downing and Hermesen if the amended language addresses the items discussed during the September meeting. Board Member Downing that the changes do and stated that the updated language points the contractor in the right direction. Public Member Roger Morrissey once again requested permission to speak. Chairperson Walkenhorst granted Morrissey permission to speak. Morrissey stated that if he were to do a review of a report on a residential property, he knows to include review of the Fannie Mae guidelines if required, however, the Scope of Work does not require such review to be completed.

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The Director referenced Section D on page P.17 and indicated that the contractor must comply with all applicable federal, state, and local laws, statutes, codes, ordinances, standards, policies, regulations, and rules in effect. USPAP Standard 3 also requires the contractor to review such information as well. Morrissey thanked Director Kohtz for the response. The Director asked for any questions or comments. There was no further discussion.

ii. Applicant Appraiser Review Services Agreement (Employee)

Director Kohtz presented the updated document titled, “Nebraska Real Property Appraiser Applicant Appraiser Review Services Agreement (Employee)” to the Board for consideration. The Director reported that this contract is the same as the previously reviewed contract, except that it is the employee version. The Director asked for any questions or comments. There was no discussion.

iii. Subject Matter Expert Services Agreement

Director Kohtz presented the updated document titled, “Subject Matter Expert Services Agreement” to the Board for consideration. The Director reported that this contract was updated to include the same changes as applicable as the previous two contracts. Director Kohtz guided the Board to the Scope of Work section on pages P.34 and P.35 and provided a brief summary. The Director asked for any questions or comments. There was no discussion.

iv. Subject Matter Expert Services Agreement (Employee)

Director Kohtz presented the updated document titled, “Subject Matter Expert Services Agreement (Employee)” to the Board for consideration. The Director reported that this contract is the same as the previously reviewed Subject Matter Expert Services Agreement contract, except that it is the employee version. The Director asked for any questions or comments. There was no discussion.

Board Member Downing moved to approve the Nebraska Real Property Appraiser Applicant Appraiser Review Services Agreement, the Nebraska Real Property Appraiser Applicant Appraiser Review Services Agreement for an employee of an organization, the Subject Matter Expert Services Agreement, and the Subject Matter Expert Services Agreement for an employee of an organization as amended to change all references to he or him, and she or her, to they and them throughout. Board Member Gerdes seconded the motion. Chairperson Walkenhorst recognized the motion and asked for any discussion. With none, Chairperson Walkenhorst called for a vote. The motion carried with Downing, Gerdes, Hermesen, and Walkenhorst voting aye.

2. INTERNAL PROCEDURAL DOCUMENTS

a. 201709: Appraisal Review Services Contractor Fees

Director Kohtz reintroduced Internal Procedure 201709 titled, "Appraiser Review Services Contractor Fees" to the Board for review. The Director reminded the Board that it Board tabled discussion of this agenda item until after review of Agenda Item 3.B. Chairperson Walkenhorst asked the Board if changes are needed. Board Member Hermesen asked if there have been issues with obtaining contractors for review services. BLM Nespor responded that there are no issues at the present time. Director Kohtz was asked if contractors often ask for an increased amount per the internal procedure. The Director informed the Board that it occurs approximately once a year. Board Member Hermesen indicated that he does not see a reason to make an adjustment right now. Director Kohtz added that there is not too much that could be done at the present time as any unused funds were moved to PSL for the Business Programs Manager addition. Further, the Board included additional funding for contractual services in its 2023-25 Biennial Budget Request, but that was denied by the Appropriations Committee. The Director recommended that the Board revisit this at strategic planning where a long-range plan could be put into place. There was no further discussion.

Q. OTHER BUSINESS

1. BOARD MEETINGS: No discussion.

2. CONFERENCES/ EDUCATION

a. Kohtz 2023 Fall AARO Conference Report

Director Kohtz reported that he attended the 2023 Fall AARO Conference October 7-9, 2023 in Salt Lake City, Utah. The Director provided a detailed summary of the conference for the Board Members to review and noted the following highlights:

- The Appraisal Subcommittee reported that ten states have completed the Appraiser and AMC program reviews. Of the five Appraiser Programs reviewed, five have received an excellent rating. Of the five AMC Programs reviewed, four have received an excellent rating. The ASC indicated that it is currently working on state enforcement rulemaking. According to the ASC, the number of credentials on the national registry is increasing for the first time in a long time. The ASC Continues to focus on appraisal bias and lack of diversity in the profession and provided a summary of the actions taken resulting from the PAVE Report. Finally, the ASC Grants Program has an approved budget of \$2,025,000 for the fiscal year of 2023.
- Kelly Davids provided the general update for The Appraisal Foundation and reported that The Appraisal Foundation is focused on activities to build public trust, and referenced the Council to Advance Residential Equity, Pathways to Success Conditional Grants, the Appraiser Diversity Initiative, and a demographic survey of the profession. A baseline was completed in 2021, and a follow-up survey is to be distributed in 2024.

- The AQB summarized the 2026 Criteria and the qualifying and continuing education required on Valuation Bias and Fair Housing laws and regulations. The AQB also gave an overview of PAREA and reported that 12 preliminary PAREA concepts have been reviewed to date and eight providers are actively working on developing PAREA programs; three have publicly announced their programs.
- The ASB discussed the changes found in the 2024 USPAP adopted on May 5, 2023.
- A presentation was given by the Salt Lake City Police Department on how to handle an active threat.
- Fannie Mae summarized updates to the Fannie Mae Selling Guide, including a full complement of photographs in main living areas and basement being required for appraisals in loan applications on or after September 1, 2023; Appraiser Independence Requirements being updated, Property Data Collector Independence Requirements being introduced, and clarification that Fannie Mae does not consider 3D printed houses unique or special. The Appraiser Quality Monitoring Program was also summarized.
- Freddie Mac reported that the number of appraisers has remained static over the past eight years, while appraisal volume has ebbed and flowed. 2020-2021 blew the lid off of volume, but it settled in 2022; there has been a nice bump in 2023. According to Freddie Mac, seventy-nine percent of current volume is refinances. Freddie Mac also summarized their valuation modernization options and indicated that “No appraisal needed” includes Automated Collateral Evaluation and Property Data Report performed by a trained data collector. “Appraisal needed” includes desktop appraisals, hybrid appraisals, and traditional appraisals. Freddie Mac also discussed issues that they are seeing in appraisal reports. Subjective and potentially biased words and phrases and prohibited language in appraisals were discussed. In addition, the use of inordinate adjustment for difference between the subject property and the comparable sales that do not reflect the market’s reaction to such differences, or the failure to make proper adjustments when they are clearly necessary. Freddie Mac then proceeded to provide a summary of its new URAR and updated UAD that will be released in 2025. The URAR will feature a dynamic uniform residential appraisal report for all residential property types, all agency assignment types, and all appraisal service types; a new summary page that includes a synopsis of key information; dynamic sales comparison grid broken into subsections; auto-populating previously entered information; the ability to add additional rows; line-item and rollout adjustments; a summary subsection; and other properties analyzed but not used.
- A presentation was given on board members transitioning from the private sector to government.

- Appraisal Institute provided a national state regulatory and legislative update. Appraisal Institute reported that it hired a new CEO, Cindy Chance, and on September 26, 2023 a system-wide reorganization began. A summary of the PAL Act was provided. If passed, the PAL Act would authorize the ASC to establish a cloud-based “Portal for Appraiser Credentialing and AMC Information” modeled after the NMLS and the S.A.F.E. Act for MLOs that will collect all payments for licenses, certifications, and registration fees and deliver to State agencies; FBI background checks “channeled” by the ASC through the Portal to appropriate State agencies that satisfy bank regulatory requirements; act as a central repository for appraiser and AMC licenses, certification, and registration applications and renewals; and include a bank of education courses approved by the states. Under the PAL Act, states shall retain the ability to act independently upon license, certification, and registration applications and renewals for appraisers and appraisal management companies. ASC grants to states would be utilized for connectivity. Appraisal Institute also gave an update on AI PAREA. A pilot offering to “PAREA Ready” states began in July with a soft launch on September 6, 2023. Three Nebraska residents are currently enrolled in the AI PAREA program. 118th Congress is looking at appraiser regulatory modernization; licensed residential real property appraiser allowance for FHA appraisals; and the Appraisal Fee Transparency Act, which updates how registry fees are calculated and adds trainee real property appraisers to the Appraiser Registry. Appraisal Institute also commented on the Fannie Mae property data collector; specifically, whether a property data collector is an appraisal function that requires an appraiser credential. Most states have said no, however, if a property data collector is used in a hybrid appraisal, the appraiser must determine the reliability of the information provided. Finally, the Appraisal Institute brought attention to potential future zoning law changes for low/middle income housing. For middle housing, the highest and best use of many properties may be something other than one to four family.
- A presentation was given on minimum compliance with statutes, rules, and standards versus enforcing best practices or personal opinions.
- A presentation was given on the CAP approval process for practicum courses. The expectations, requirements, resources, and policies were discussed.
- At the Executive Directors and Administrators Roundtable, several items were discussed. Views on different fall destinations compared to Washington D.C., active threat reaction and agency procedures, the CAP approval process for practicum courses and the continuing education approval process, ASC compliance reviews, Fannie Mae State Tips and Freddie Mac Fair Housing Referrals, and fair housing laws and discrimination complaint processes were all discussed.

The Director 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 Quarterly Meeting: November 15, 2023 (Online)

Director Kohtz announced that the next ASC Quarterly Meeting will be held online on November 15, 2023 and asked for any questions or comments. There was no further discussion.

b. ASC March 15, 2023 Meeting Minutes

Director Kohtz presented the ASC June 14, 2023 meeting minutes to the Board for review and informed the Board that he included the incorrect date of the meeting minutes on the agenda. The Director reported that he had no specific comments and asked for any questions or comments. There was no further discussion.

c. ASC Notice Regarding Appraisal Management Companies in Hawaii

Director Kohtz presented an Appraisal Subcommittee document titled, "Notice Regarding Appraisal Management Companies in Hawaii" to the Board for review. The Director informed the Board that the State of Hawaii has voluntarily discontinued regulation and licensing of appraisal management companies, and indicated that this is an unusual move as it significantly limits the number of AMCs that could provide services in Hawaii. The Director added that he does not have any knowledge as to why the state would make this decision. LPM Nespor commented that federally regulated AMCs would still be authorized to operate in the state. There was no further discussion.

d. ASC State Support Grants Awarded 2020-2021

Director Kohtz presented an Appraisal Subcommittee document showing State Support Grants awarded by the Appraisal Subcommittee for 2020-2021 to the Board for review. The Director reported that this is for information purposes only and that he had no specific comments. The Director asked for any questions or comments. There was no further discussion.

6. THE APPRAISAL FOUNDATION

a. TAF October Newsletter

Director Kohtz presented The Appraisal Foundation's October 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.

b. TAF October State Regulators Newsletter

Director Kohtz presented The Appraisal Foundation's October State Regulators 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.

c. TAF Announcement – David Bunton Celebrates Over 30 Years Leading TAF

Director Kohtz presented an announcement from The Appraisal Foundation titled, “David Bunton Celebrates Over 30 Years Leading TAF” and reported that David Bunton plans to retire in 2024. The Director reported that he had no specific comments and asked for any questions or comments. There was no further discussion.

d. ASB Public Meeting: February 15, 2024 – Virtual

Director Kohtz reported that the Appraisal Standards Board will hold its next public meeting virtually on February 15, 2024 and asked for any questions or comments. There was no further discussion.

e. AQB Public Meeting: March 28, 2024 – Virtual

Director Kohtz reported the Appraiser Qualifications Board will hold its next public meeting virtually on March 28, 2024 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.

C. CREDENTIALING AS A NEBRASKA REAL PROPERTY APPRAISER

The Board reviewed applicants CG23006 and 2249. Chairperson Walkenhorst asked for motions on CG23006 and 2249.

Board Member Downing moved to take the following action:

CR23006 / Approve to sit for exam and authorize Director to issue credential as a certified general real property appraiser upon providing evidence of successful completion of the National Uniform Licensing and Certification Examination and providing the necessary fees.

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

Board Member Downing moved to take the following action:

2249 / Approve Application for Nebraska Real Property Appraiser Temporary Credential as a certified general real property appraiser contingent on receiving evidence, prior to November 13, 2023, that the terms of the Consent Order were successfully completed.

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

D. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY: No discussion.

E. CONSIDERATION OF COMPLIANCE MATTERS

The Board reviewed Grievances 23-01 and 23-06. Chairperson Walkenhorst asked for a motion on Grievance 23-06.

Board Member Downing moved to take the following action:

23-06 / Dismiss without Prejudice

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

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS

1. 2023.10

The Board reviewed 2023.10.

2. 2023.14

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

3. 2023.15

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

4. 2023.16

The Board reviewed a Freddie Mac Potential Fair Housing Referral concerning a report completed by a Nebraska real property appraiser pertaining to a property located in Omaha, Nebraska. The Board recognized that Freddie Mac notified the real property appraiser of the concerning language and concluded that this matter has been appropriately addressed. No action was taken by the Board.

5. PERSONNEL MATTERS: No discussion.

R. ADJOURNMENT

Board Member Downing moved to adjourn the meeting. Board Member Gerdes seconded the motion. Motion carried with Downing, Gerdes, Hermesen, and Walkenhorst voting aye. At 11:09 a.m., Chairperson Walkenhorst adjourned the October 26, 2023 meeting of the Nebraska Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on November 3, 2023, in compliance with Nebraska Revised Statute § 84-1413 (5).