

**REAL ESTATE APPRAISER BOARD
APRIL 5, 2006
CONFERENCE ROOM F
LOWER LEVEL, NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE**

OPENING

Chairman Kevin Kroeger called to order the April 5, 2006, meeting of the Nebraska Real Estate Appraiser Board at 11:00 a.m., in Conference Room F, Lower Level, Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska. Board members Tim Kalkowski, Jim Bain, Kevin Kroeger, and Sheila Newell were present. Jill Ekstein, Director, was also present.

NOTICE OF MEETING

Chairman Kroeger announced notice of the meeting was duly given, posted, published and tendered in compliance with the Open Meetings Law, and all board members received notice simultaneously by mail. The agenda was kept current on the website and in the office of the Nebraska Real Estate Appraiser Board Office. Materials generally used by the Board for the meeting were available in the public folder for inspection.

AGENDA

Chairman Kroeger called for the first item of business to be the adoption of the agenda. He stated there was one correction to be noted: item A should read Opening at 11:00 a.m. instead of 9:00 a.m. Kroeger asked for a motion to amend item A of the meeting Agenda. Bain moved to amend item A to read Opening at 11:00 a.m. Board Member Kalkowski seconded the motion. The motion carried with Kalkowski, Bain, Newell and Kroeger voting aye.

Chairman Kroeger asked for any additional corrections to the agenda. Hearing none, Vice Chair Newell moved to adopt the amended agenda. Chairman Kroeger stated he would like to be able to have the flexibility to move the items listed under New Business around if necessary. Board Member Bain seconded the motion to adopt the amended agenda. The motion carried with Bain, Newell, Kalkowski and Newell voting aye.

MINUTES OF FEBRUARY 9, 2006

Chairman Kroeger announced the members had received the meeting minutes from the February 9, 2006, meeting in advance. He asked if anyone needed extra time to review the minutes. He stated if extra time was not necessary, he would entertain a motion to adopt the minutes. Board Member Bain moved to adopt the minutes. Vice Chair Newell seconded the motion. The motion carried with Kalkowski, Bain, Newell and Kroeger voting aye.

DIRECTOR'S REPORT

Director Ekstein announced she has some items to bring to the Board's attention. She had received a copy of a press release received by an appraiser in Lincoln. The appraiser had received the press release from the Realtors® Association of Lincoln addressing the issue of the new flood regulations resulting in the creation of a newly defined "flood prone" area. The appraiser had asked the question as to whether she needed to disclose the information. Director Ekstein reported she had researched the issue from website links in the press release. There were numerous definitions and maps as well as links to the city ordinances. Ekstein stated the ordinances were adopted in 2004. Director Ekstein asked if the Board wanted to address the issues. Chairman Kroeger clarified the information regarding the flood prone zone was a regulatory zone within the city of Lincoln outside the established FEMA flood zone. Chairman Kroeger stated if appraisers have information pertinent to the issue, it should be disclosed in the appraisal report. Board Member Kalkowski suggested the Director contact the Lincoln Building and Safety Department for further clarification.

Director Ekstein reported she had received an email from Larry Disney, Executive Director of the Kentucky Real Estate Appraisers Board addressing the issue that Kentucky appraisers are receiving fee schedules for appraisal assignments that are tied directly to the property value opinions. Mr. Disney's communication requested assistance in making those who send fee schedules tied to opinions of value be aware that appraisers cannot base a fee for their services upon a developed opinion of value. Chairman Kroeger stated he had not heard of the fee schedules being an issue with Nebraska appraisers, but as Board Members it was possible they would be told. He suggested this should be an issue monitored by the Real Estate Appraiser Board to make certain appraisers in Nebraska are not receiving requests to use fee schedules tied to opinions of value. Board Member Newell asked for a copy of the communication.

Director Ekstein reported she had received email correspondence from Larry Saxton regarding Instant AVMs. Ekstein said she had checked into the company offering Instant AVMs. It appears on the internet as Instant Home Valuations. There appears to be only an email address of a person to contact. Director Ekstein emailed the contact person to ask some questions regarding the AVMs, but she had received no response. She read some of the information listed on the website regarding AVMs and reported the AVMs were available for only Sarpy and Lancaster Counties in Nebraska. Director Ekstein asked the Board if it was necessary to continue to follow-up on the AVMs. Chairman Kroeger identified Larry Saxton in the audience and asked for his comments.

Chairman Kroeger asked for all of the guests attending the meeting to introduce himself/herself. Guests in attendance were: Perre Neilan, Nebraska Realtors® Association; Michelle Slack, Lancaster County Assessor's Office; Norm Agena, Lancaster County Assessor, Harold Briley, Nebraska Department of Education; Larry Saxton, Chair of the Education Committee of the Appraisal Institute and Omaha appraiser; Cay Lacey; Diane Moore, The Moore Group; Roger Morrissey, Douglas County Assessor; Lynne Heiden, Trans-American Institute of Professional Studies and former Board Member; Mike Goodwillie, Nebraska Department of Property Assessment

and Taxation; Barry Couch, Douglas County Assessor's Office; Rob Ogden, Deputy Lancaster County Assessor. Chairman Kroeger thanked the guests for attending and asked them to sign in on the guest log.

Chairman Kroeger asked for Larry Saxton to address the Board regarding the Instant AVMs. Mr. Saxton said he was glad to see the issue had been presented to the Board. He said he noticed the Instant AVM in the Appraiser "blogs". He believed at some point the Appraiser Board will need to make some sort of recognition as to whether the AVMs are or are not appraisals. Mr. Saxton believes the appraisal community will have to be able to respond to the public about the AVMs. Chairman Kroeger addressed his concerns about more and more of these issues happening. He stated there is a great deal of difficulty with websites such as the Instant Home Valuations' site and the inability to contact directly those involved. Vice Chair Newell thanked Larry Saxton for his comments.

Lynne Heiden suggested the Board look at Advisory Opinion 18 for guidance if the Board will try to address the issue.

Director Ekstein continued her report announcing she had mailed her first newsletter to the appraisers in the state. She announced she had set a goal to send a quarterly newsletter and was keeping a list of items to address. She asked the Board and guests in attendance to inform her if anyone had issues to either address or have addressed in the next newsletter. She explained she hoped to have a "Meet the Appraiser Board" section in the next newsletter to provide some background information to the appraisers in Nebraska of who the members are serving the appraisal population and the public. Board Member Kalkowski asked to whom the newsletter was mailed. Director Ekstein announced it was initially mailed to the appraisers credentialed in Nebraska and following the first distribution, she put together a list of other parties of interested including by not limited to surrounding regulatory boards and others interested. Chairman Kroeger noted he had received no negative feedback and a lot of positive feedback from the newsletter. He felt appraisers were generally glad to receive the publication. Board Member Bain agreed and said he had received positive feedback as well.

Director Ekstein concluded with the appraisal population. She reminded the Board during the last meeting, there was question on the expense report as to why there was so much income during December for credential renewals. She informed the members the research had been performed and a list had been established as to when each appraiser renewed his or her credential. Ekstein announced the 2006 appraisal population currently included 293 registered appraisers who are all Nebraska residents, 154 licensed appraisers who are Nebraska residents and 8 licensed through reciprocity for 162 total licensed appraisers, 95 certified residential appraisers who are Nebraska residents and 42 certified residential appraisers through reciprocity for 137 total certified residential appraisers, 232 certified general appraisers who are residents of Nebraska and 89 certified general through reciprocity for a total of 321 certified general appraisers. The total appraisal population consists of 913 appraisers.

Director Ekstein continued with the distribution of income for credential renewals for September, October, November, December and January. Board Member Newell commented on how the numbers still do not match.

Chairman's Report

Chairman Kroeger stated he would be brief as there were a number of visitors wishing to be present for other agenda items. He reported since the March 23, 2006, meeting was postponed due to the weather; Chairman Kroeger attended a Real Estate Commission meeting that day. Since he had not attended a commission meeting, he was interested in the difference between the operations of the Real Estate Appraiser Board and the Real Estate Commission. During the meeting, Chairman Kroeger was able to be present during a formal enforcement hearing as well. He encouraged the other members to attend if possible. Chairman Kroeger commented on the need for legal background to preside as the hearing officer.

Chairman Kroeger added he had included the current version of the USPAP Q&A dealing with supplemental standards. He stated all appraisers should have access to the Q&A documents, but he suggested incorporating the Q&A into a future newsletter.

Chairman Kroeger reminded the members the AARO Spring Conference was being held in San Antonio over the weekend. He said he hoped to be able to discuss the items listed under new business with other jurisdictions to see how the issues are handled across the country.

Vice Chair's Report

Vice Chair Newell stated she thought Director Ekstein would announce LB778 had been signed by the Governor. She began with the quote "Tell me and I forget" "Show me and I remember" "Involve me and I understand" commented on how LB778 was not one person's bill and it was not the Board's bill. She explained it was a bill for appraisers, educators and regulators in Nebraska. Vice Chair Newell said she believed the public needed to be thanked for all the expertise and time commitment and for some appraisers in the state, money to hire a lobbyist. She thanked the following "team leaders": Senator Chris Langemeier; Senator Philip Erdman; Past Board Chair, TAFAC Board Trustee, AQB 2008 Criteria Task Force Member Lynne Heiden; Past Board Chair and TAFAC Board of Trustee Treasurer, John D. Bredemeyer; Ben Henson, ASC Executive Director; Mark Weinberg, ASC Legal Counsel; Cay Lacey, The Appraisal Institute and the Nebraska Real Estate Appraiser Board Statute and Rules and Regs Committee Chairman; Past Board Chairs John Childears and Joe Wilson; Bob Hallstrom, Nebraska Bankers' Association; Perre Neilan and Justin Brady, Nebraska Realtors® Association; Brad and Diane Moore, The Moore Group; Mr. Larry Saxton; Mr. Greg Mitchell; Mr. Gary McCormick; Mr. Gary Brandt; Ms. Robbi Tonsfeldt; Mr. David Malone; Ms. Marsha Delp; Mr. Judd Douglas, III; Mr. Bill Blake and Mr. Randy Wilcox.

Vice Chair Newell said she wanted everyone to know the Education Seminar she attended was in Chicago. She showed the notebook received at the seminar and invited

anyone interested to look through the material. She said the Board staff would copy the material for those interested. The seminar was held for state regulators and education providers and was well attended. She explained the seminar was divided into four parts and presented by either a panelist or a member of the AQB Task Force. The first presentation was a Review of the 2008 Criteria Terminology and Requirements. Sandy Guilfoil, Chairman of the Appraiser Qualifications Board explained the 2008 AQB Appraiser Qualifications Criteria is the minimum expectations of the AQB.

Vice Chair Newell added Ben Henson, Executive Director of the Appraisal Subcommittee was in attendance. He commented that less than one year ago, nearly 3/4 of the states were adopting the segmented scenario and 1/4 were adopting the firm-date scenario. Now there were nearly 2/3 adopting the firm date scenario and 1/3 segmented. Newell continued as state regulators, the subtopics of the content need to be emphasized. The ASC will put more emphasis on the subtopics and if regulators go outside of the subtopics, the burden of proof falls to the regulators. Documentation must be complete and all course material must be kept by the state in a secure place for verification. Vice Chair Newell stated she asked the question, "Referring to the criteria book on page 38, each classification has education requirements. Do these modulars build as you advance to a different credential?" Sandy Guilfoil responded the answer would appear in the AQB Exposure Draft next week. Newel said in 2008, an appraiser must complete all the educational topics in the required core curriculum for each classification level or credential meaning a student may take more than 300 hours of education if they start out as residential and decide to become certified general. This may also happen if a student takes college level or integrated courses.

Vice Chair Newell finished with her thought that the seminar was excellent.

Receipts and Expenditures Report – February

Director Ekstein presented the receipts and expenditures for the month of February. She announced there would be three journal entries made to the accounts to correct some mistakes in the accounting transactions. The journal entries will not appear until at least April as the month of March has ended. Chairman Kroeger stated as of the end of February, 66.58% of the fiscal year has elapsed and inquired about the amount of money spent by the Board. Director Ekstein responded 47% of the money budget for the major accounts had been spent.

Chairman Kroeger stated if there was not further discussion, he would entertain a motion to file the receipts and expenditures report for audit. Board Member Kalkowski moved to file the receipts and expenditures report for audit. Board Member Bain seconded the motion. The motion carried with Newell, Kalkowski, Bain and Kroeger voting aye.

Unfinished Business

Website

Director Ekstein explained she had received two quotes for the redesign of the website. The quote from Nebraska Online was \$2500 to redesign the website. IMS quoted two cost estimates for the redesign; each was based on the seniority and experience of the individuals who would perform the redesign. The third page of the quote was the estimate to convert the current database to a web-based application in order to allow the appraisal population password-protected access to the education records.

Director Ekstein announced she had submitted a grant application to the State Records Board on behalf of the Real Estate Appraiser Board requesting funds for the redesign and conversion. She stated she had received an email from the contact of the Board stating the Appraiser Board application was on the agenda for the April 18, 2006, meeting and asked for Director Ekstein to be present in case there were further questions. Board Member Newell indicated Chairman Kroeger needed to be present for the meeting as well. Chairman Kroeger stated if the Director deemed it necessary he would attend. Board Member Newell asked to clarify that no work takes place on either the work or the conversion of the database until there was an indication as to whether the Board would receive any funding.

Review Form

Chairman Kroeger indicated the intention of carrying over the item. He provided background to the attendees that there was some consideration of rewriting the review form in order to provide more information to the review appraisers. Chairman Kroeger asked to table the item until next month.

Vice Chair Newell stated since there were quite a few AQB-Certified Instructors in attendance, she believed if the intent was to make the form more user-friendly, the AQB-Certified Instructors should be able to provide input. Vice Chair Newell asked when the review form would be modified. Chairman Kroeger stated his intent was to contact the review appraisers currently being used on a regular basis as well as the AQB-Certified Instructors to ask for feedback. Vice Chair Newell suggested nothing be changed until the 2006 version of USPAP goes into effect.

Rules and Regulations

Chairman Kroeger explained this item has been carried over from meeting to meeting for some time. He stated since LB778 was signed and will go into effect, the urgency of updating the Rules and Regulations is critical. Chairman Kroeger asked for discussion as to how to handle the process of updating the rules. Director Ekstein stated she had combined LB778 into the current Act and had made changes to the Rules and Regulations purely by making the wording consistent with the Act. She has not changed anything with regard to policies of the Board. Board Member Kalkowski asked Perre Neilan if he had worked on this process and if he had any suggestions. Perre indicated the process would entail blocking of a significant amount of time without interruption. The process would be a daunting task. Director Ekstein suggested she had started the changes to try and facilitate the work of the Board members. Vice Chair Newell asked if

the last legislative day would still be April 12, 2006. Perre indicated the final day would most likely be April 13, 2006, due to the weather delay.

Vice Chair Newell stated the Rules and Regulations would not go into effect at the same time as the legislation due to the lengthy process and time required for public comment. Chairman Kroeger stated he understood the process and knew the timing would be difficult. He suggested allowing Director Ekstein to continue with her initial review, sending her suggestions to each of the Board members and asking the members to go through the initial changes and make recommendations. Then the Board could sit as a group in a work session and go through the entire package. Board Member Kalkowski asked if it would make sense to divide the document into parts and have each review a section. Chairman Kroeger reminded the Board this was not going to be an easy process. He asked for more suggestions.

Board Member Bain suggested allowing Director Ekstein to finish what she has started and send it to each of the members. Board Member Kalkowski asked to be able to see the changes which had been made by using strike-through-text and red color. Chairman Kroeger indicated he knew the process would be timely and even after the Board made changes, the public comment period would undoubtedly provide more changes.

Cay Lacey suggested the Board Members review the document in its entirety and not divide it into sections as there may be items in the first chapter that directly impact the next chapters. This would allow the document to remain consistent. Board Member Kalkowski asked what the process was for adopting the Rules and Regulations. Chairman Kroeger stated once the revisions were complete, the document would be reviewed by the Attorney General's Office as well as the Secretary of State to make sure there were not illegal actions as well as the public comment period.

Chairman Kroeger advised the Director to finish making her changes and send them out to the members. Each would review and make suggestion and the Board would sit as a group to make final decisions. Director Ekstein asked what the time frame was to follow. Vice Chair Newell asked to have a draft by the next meeting of April 20, 2006.

The Board took a five minute recess.

New Business

2006 USPAP

Director Ekstein informed the Board she had researched the procedure and was ready to order the 2006 USPAP publications. The Appraisal Foundation will ship the books directly to the appraisers credentialed in Nebraska. The cost will be approximately \$13,000. Ekstein also reminded the Board they needed to formally adopt the 2006 USPAP. Board Member Kalkowski asked for clarification as to where the cost for the cost for the books falls into the budget. Director Ekstein answered the money would come from the Printing and Publications account of the budget.

Vice Chair Newell moved the Nebraska Real Estate Appraiser Board adopt the 2006 USPAP effective July 1, 2006. Board Member Bain seconded the motion. The motion carried with Kalkowski, Bain, Newell and Kroeger voting aye.

Vice Chair Newell moved to approve the purchase of the 2006 USPAP for all Nebraska appraisers at an approximate cost of \$17.50 per book, including shipping costs. Board Member Kalkowski seconded the motion. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

AQB Public Exposure Draft

Chairman Kroeger announced the Board would skip to item 6 under new business, AQB Public Exposure Draft.

Director Ekstein announced her desire to address the issue during the Director's Report as she felt the information was extremely interesting specifically the interpretations regarding the continuing education credit given to active duty military personnel returning from service, the issue of granting continuing education to appraisers who attend meetings of the state regulatory agency, and the interpretation of educational requirements when an appraiser is changing from one level of credential to another. Ekstein stated Vice Chair Newell had briefly covered the issue and Lynne Heiden wished to address the Board regarding the exposure draft.

Chairman Kroeger invited Lynne Heiden to address the Board. Ms. Heiden commented the issues were extremely important as to how the interpretation will affect appraisers in Nebraska based on the core curriculum used previously. She reminded the Board this is an exposure draft and one of the items missing from the interpretation is what is necessary when an appraiser moves from the license credential to the certified general credential. Ms. Heiden believed the Board needs to visit as a group and submit comments back to the AQB. Since she has served on the Task Force and participated in the initial Task Force that wrote the first exposure draft, the concept was initially intended to allow the appraiser to move from one credential to another in a graduated format and allow all of the education to apply to the next level. The new interpretation indicates that an appraiser starting initially on the registered track, he or she may not meet the certified general criteria. She explained if an appraiser is already licensed as of January 1, 2008, there are an additional recommended 75 hours necessary.

Ms. Heiden indicated her concern regarding appraisers moving from the license level of credential to the certified general credential, an applicant will not have taken any income courses. Nebraska has previously required 30 hours of income. Initially, the interpretation was an appraiser wishing to move to a different credential would meet the new criteria. She explained with the new interpretation an appraiser could move to the certified residential credential and only take 15 hours of income.

In addition, Ms. Heiden stated she had concern regarding the partial year continuing education requirements. If an appraiser receives a credential prior to July 1, 2006, he or she needs to meet all of the continuing education requirements prior to renewal for 2007.

If the credential is earned after July 1, 2006, the continuing education requirements are waived for that year and an appraiser is placed on the following renewal cycle. Ms. Heiden believes it is extremely important for the Board to respond to the AQB Exposure Draft.

Chairman Kroeger stated there is an upcoming AQB meeting May 5, 2006. He believed the Board should consider sending the Director to the meeting in order to represent the Board. Ms. Heiden stated every member of the AQB reads every written comment. Chairman Kroeger asked if Ms. Heiden would find it beneficial to send the Director to a meeting such as the one being held in Ft. Lauderdale. Ms. Heiden commented she believed anytime Nebraska has a presence at a national meeting it is a good thing.

Chairman Kroeger said the issues on the exposure draft were very interesting and he felt individual members may wish to respond as well as the Board as a group. He agreed with Ms. Heiden that Nebraska needs to maintain a visual presence at National meetings. He asked for discussion as to whether the Director should be approved to attend the meeting. Vice Chair Newell stated just prior to this discussion the Board was trying to get the Rules and Regulations completed and now there was discussion as to attend another meeting. She felt it would not be better to attend another meeting. Ms. Heiden reminded the Board the deadline to respond to the AQB Public Exposure Draft was April 25, 2006. Chairman Kroeger stated it was his understanding there may be multiple exposure drafts, so he could not disagree with Vice Chair Newell. He did believe; however, the Nebraska Real Estate Appraiser Board needs to remain in the forefront. Chairman Kroeger said he thought expenses associated with one night's lodging and airfare would be worth the benefit gained by having the Director present. Vice Chair Newell stated she would like to wait and see how the Director does with the changes to the Rules and Regulations. Board member Bain moved to authorize Director Ekstein to attend the AQB meeting May 5, 2006, in Ft. Lauderdale, Florida. There was no second to the motion; therefore the motion died.

Chairman Kroeger moved to item 7 under New Business.

Mass Appraisal for Appraisal Experience

Chairman Kroeger introduced the item and explained it appeared on the agenda as a result of concern being raised from various Assessors' Offices. Chairman Kroeger explained with the passage of LB778, the registered credential will eventually be phased out. The Board has received multiple inquiries as to how registered appraisers in the Assessors' Offices can get enough experience to move to the next level of credential. Chairman Kroeger explained it had been the Board's policy that only 50% of the appraisal experience requirement would be allowed from the mass appraisal industry. Chairman Kroeger stated he knew there were concerns from the public officials and he wanted the Board to receive input as to what exactly were the concerns.

Roger Morrissey, SRA, Douglas County Assessor, 25+ year real estate appraiser in Nebraska, and Nebraska Real Estate Appraiser Board Member, addressed the Board. Mr. Morrissey stated when he was elected in 1998, Douglas County had 2 out of 12

appraisers by county title. He explained state statute exempts government employees, but if they are to hold themselves out to the public as appraisers, setting values and talking with homeowners and property owners, they should be a professional staff and maintain a license with the state. Mr. Morrissey believes the importance of the credibility issues with dealing with the public. He asked whether a trainee working with an appraiser would get experience credit for measuring a property, setting land values, estimating depreciation: physical, functional and external, reviewing maps. Mr. Morrissey stated these are the tasks the appraisers in his office are asked to complete. He explained appraisers in the Douglas County Assessor's Office work with rent studies, capitalization rate studies, cost approach. The appraisers in Mr. Morrissey's office come down to the State Office Building and defend values with the Tax Equalization and Review Commission.

Mr. Morrissey stated his views have changed over the last years. He requested something be worked out in order to resolve the issue of how many hours of mass appraisal experience will be granted as appraisal experience. In Douglas County, Mr. Morrissey will not allow appraisers in his office to appraise property in Douglas County as he believes it may be a potential conflict. USPAP and the appraisal profession is not just mortgage lending. Mr. Morrissey said mass appraisal is one of the disciplines under the appraisal profession. Mr. Morrissey recommended the Board take all of the information into consideration and develop guidelines.

Chairman Kroeger asked Mr. Morrissey how difficult it is in his office to look at the different components of appraisal and track the time spent on each of the components. Mr. Morrissey said he believed that was the responsibility of the individual staff member.

Barry Couch, Chief Deputy Assessor in Douglas County, addressed the Board. He informed the Board when he worked in Oklahoma, a log was created breaking down the different tasks in the appraisal process. It was determined a portion of the experience should be in each of the categories. Each appraiser had to keep track of the time he or she spent working on the different processes. Mr. Couch stated the main difference between single property appraisal and mass appraisal was the documentation. The Standard 2 reporting option is pretty straight forward. The Standard 6 reporting option covers everything and involves many people.

Board Member Kalkowski asked for clarification of mass appraisal and what is included. He asked if there were different standards used in the different counties. Roger Morrissey addressed the questions stating all of the assessors have rules and regulations and standards to which they must adhere. He said different counties have different problems.

Norm Agena, Lancaster County Assessor, addressed the Board. Mr. Agena agreed that somehow there needs to be a joint resolution to the issue. He believed there may need to be another class that sits as a separated category not under the federal oversight. Instead

it would be a class that deals strictly with ad valorem appraisal work. The category would have essentially the same requirements currently established for the registered credential. Mr. Agena stated there are currently 20 people in the Lancaster County Assessor's office who are registered; eight or ten of those people would qualify to move to a different level of credential because of experience. Mr. Agena said it is important for the folks working in the assessor's office to have and maintain credibility. He said he would like to see a whole different group working to the side of the federal regulatory agency and have them under the direct control of the Real Estate Appraiser Board.

Chairman Kroeger asked if Mr. Agena believed there should be additional experience requirements for that new level of credential. Mr. Agena said he believed the new credential needed to meet requirements similar to those of the current registered and be valid for ad valorem appraisal.

Mike Goodwillie, Legal Counsel for the Department of Property Assessment and Taxation, addressed the Board. Mr. Goodwillie presented a letter to the Board addressing the issue of mass appraisal experience. The letter is attached as a part of the meeting minutes.

Rob Ogden, Chief Deputy Appraiser, Lancaster County Assessor Register of Deeds Office was recognized. Mr. Ogden stated he had worked in both fee and mass appraisal since 1979. Mr. Ogden said the ad valorem side of appraisal experience, if accounted for properly, should be considered appraisal experience. The experience can be documented accurately and provide credible experience for appraisers in the field of mass appraisal. Mr. Ogden would like to see ad valorem appraisal given the earned credit of experience deserved.

Chairman Kroeger asked past Board Chairperson Lynne Heiden her thoughts regarding the Board's policy. Ms. Heiden asked the Board to note the section addressing mass appraisal experience in the current criteria. She read, "Mass Appraisal experience must conform to USPAP Standard 6 subsequent to January 1, 1991. Mass appraisal experience claimed by the application should be given credit to the extent that it demonstrates proficiency in appraisal principles, techniques, or skills used by appraisers practice under USPAP Standard 1." (adopted, June 1997) Ms. Heiden continued to read from the new criteria, "An hour of appraisal experience is defined as verifiable time spent in performing tasks in accordance with acceptable appraisal practice. Acceptable real property appraisal practice for experience credit includes appraisal, appraisal review, appraisal consulting, and mass appraisal. All experience must be obtained after January 30, 1989, and must be USPAP complaint. An applicant's experience must be in appraisal work conforming to Standards 1, 2, 3, 4, 5 and/or 6, where the appraiser demonstrates proficiency in appraisal principles, methodology, procedures (development), and reporting conclusions." Ms. Heiden stated she believe two very good ideas had been presented to resolve the issue.

Vice Chair Newell read from A Guide for Understanding the 2008 Real Property Appraiser Qualification Criteria, "Is there a way that I can obtain experience other than by serving in an apprenticeship capacity with an appraiser?" "Yes, the Real Property

Appraiser Qualification Criteria allows candidates to accumulate up to 50% of the total experience required for a credential by completing case studies or practicum courses approved through the AQB Course Approval Program.” Vice Chair Newell stated that appraisers working in the Assessors’ Offices could still get appraisal experience in areas other than mass appraisal as the experience would could even if there was not a real client. Ms. Heiden clarified this is the case now as well.

Board Member Bain said he would like think about the issue. Vice Chair Newell stated a decision did not have to be made today.

Chairman Kroeger stated he felt the discussion was extremely helpful. He suggested the idea of a potential task force to determine the hours that would be accepted for mass appraisal experience. He asked for this item to remain on the agenda for the next meeting.

The board took a 5 minute recess.

Education

Harold Briley

Chairman Kroeger asked to move to Agenda Item K – item 1, Education, Harold Briley. Director Ekstein reminded the Board during the last meeting, there was a question as to the number of hours which could be approved for educational activities. Director Ekstein explained she and Chairman Kroeger had met with Mr. Briley regarding the issues of education. Director Ekstein invited Mr. Briley to address the Board.

Harold Briley, Director of the Private Post Secondary Career School Section of the Department of Education was recognized. The primary function of the section is to license private post secondary career type schools. Mr. Briley provided some background information regarding the appraiser education. He noted the Appraiser Board has pre-license courses which the Board identifies as qualifying education and continuing education. Mr. Briley initially believed the Appraiser Board education was parallel with the Real Estate Commission education and later determined the two are not similar. Mr. Briley stated he believed the second program, other than the license program, could be called the real estate appraiser license renewal program consisting of 28 hours of continuing education. Mr. Briley said if the hours were together into a series of what is required to renew an appraiser’s license, it would be considered a program. Mr. Briley’s opinion was that anyone who offers a class that falls into either one of the two programs needs to be licensed with the Department of Education as a school unless they qualify for an exemption.

Mr. Briley continued that within the broad program of pre-licensing, there were four smaller programs. Vice Chair Newell asked where Mr. Briley was determining something was a program. Mr. Briley answered for pre-license there was a registration

program, a licensure program, a residential certification program and a general certification program. Vice Chair Newell asked for clarification as to why the levels of credential were being called a program. Mr. Briley stated looking at the education from an educator's point of view, the four levels of credential are programs. Mr. Briley continued anyone offering courses in the programs is defined by statute as a private post secondary career school. Neb. Rev. Stat. §85-1603 (17) defines private post secondary career school as any organization or business enterprise which is not specifically exempt under 85-1604 which offers courses or subjects where tuition is charged and at a place of business of which a course of instruction is available through classroom instruction, home study, or both to a person for the purpose of training, preparing, or improving the person for an occupation even though the organization's or business enterprise's principal efforts may not be exclusively educational in nature.

Mr. Briley stated anyone who offers a career-type course for the purpose of helping a person get a job or better themselves in the job they are in must be licensed as a school. Mr. Briley continued with other definitions dealing with continuing education. He believes after giving the appraisal education activities more thought, continuing education is a program. He stated the Real Estate Commission had a program of continuing education; however, their program entails 12 hours of continuing education to renew a real estate license. Therefore, the Commission falls under the short-term training and would be exempt under 85-1604.

Mr. Briley explained the Real Estate Appraiser Board educational program would not be exempt. He cited Neb. Rev. Stat. §85-1603 (8) Course of study or instruction means a program of study, training, or instruction consisting of a series of lessons or classes which are coordinated as a curriculum or program of instruction to prepare or qualify individuals or improve or upgrade the skills needed for employment, career opportunities or, or any specific occupation. Mr. Briley determined he believed the Appraiser Board had 28 hours of continuing education required to maintain a credential. Director Ekstein clarified if the Act read an appraiser must have 14 hours of continuing education per year in order to renew his or her credential, the continuing education would be exempt from the Department of Education Statutes. Mr. Briley agreed.

Mr. Briley stated it was his opinion that as he interpreted the statutes and rules and regulations of both the Department of Education and the Real Estate Appraiser Board, any educational provider offering a course even if it was continuing education for appraisers would have to be licensed by the Department of Education. Vice Chair Newell asked if the opinion was that of Mr. Briley's. He stated it was his opinion and if the Board wanted more information, a letter should be written and forwarded to the Department of Education. Vice Chair Newell suggested the providers ask question of Mr. Briley.

Chairman Kroeger clarified for Mr. Briley that he had been asked to attend the meeting due to the fact that an educational provider had requested approval of a continuing education seminar for 30 hours. Chairman Kroeger asked if it was correct that with the

approval of the activity being requested for 30 hours, the provider would fall under the jurisdiction of the Department of Education. Mr. Briley responded that was correct as long as the provider did not fall under an exemption.

Vice Chair Newell provided the following scenario: If ABC Company is a company who has not submitted any qualifying education to the state of Nebraska. They do not plan to come into Nebraska, but because they are a national company they are going to submit all of their education to every state so the appraisal board can approve the education. How many hours can the Board approve if the company requested 28 hours? Mr. Briley responded if the Board lists the education on its website, the Company is advertising in Nebraska and therefore must be licensed in Nebraska.

Perre Neilan stated for the record the Nebraska Realtors® Association has serious concerns with the educational policies and hoped there could be some resolution to the matter.

Board Member Kalkowski asked if the concern was the courses being more than 16 hours. Mr. Briley said the concern is the program constituting less than 16 hours. Board Member Kalkowski suggested the Board send a letter to determine if each of the credentials constitutes a program.

Chairman Kroeger asked what the consequences would be to the Board if they approved courses by providers who are not licensed. Mr. Briley could not answer the question and suggested an attorney or the Attorney General would have to make the determination.

Chairman Kroeger thanked Mr. Briley as well as Lynne Heiden and all of those in attendance.

Vice Chair Newell moved to go into executive session for the purpose of consideration of written complaints. A closed session is clearly necessary for the prevention of needless injury to the reputation of the individual or individuals involved relating to performance and disciplinary matters being considered. The time on the meeting room clock was 2:14 p.m. Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Enforcement

Vice Chair Newell moved that the Appraiser Board come out of executive session at 3:35 p.m. Board Member Bain seconded. The motion carried with Kalkowski, Bain, Newell and Kroeger voting aye.

Vice Chair Newell moved that the Director in cooperation with Special Counsel engage a hearing officer for the upcoming formal hearings. Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Vice Chair Newell moved the following:

06-03 Dismiss
06-04 Request copy of appraisal report and workfile; send out for review
06-05 Send advisory letter stating violation of Title 298, Chapter 2, Section 3
06-06 Send advisory letter stating violation of Title 298, Chapter 2, Section 3
06-07 Send letter stating no jurisdiction; forward complaint to Attorney General; dismiss
06-08 Dismiss
06-09 Request copy of appraisal report and workfile; send out for review

02-28 File formal complaint

Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Chairman Kroeger moved with the Board's approval, to table under Item I, 2, 3, 4 and 5 until the April 20, 2006, meeting. Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Education

Course and Seminar Applications

Vice Chair Newell stated during the AQB seminar she discovered some changes that need to be made to the Educational Offering Policy. She read the policy as currently stated. "All materials submitted shall be retained by the Board, except for the exams, text and work assignments." She said the policy needs to read, "All materials shall be retained by the Board." Vice Chair stated the policy should read "This requirement is part of the AQB Criteria and has been adopted by the Nebraska Real Estate Appraiser Board.

Vice Chair moved to amend the qualifying education approval policy on page one, last paragraph, to read "All qualifying education must have the completed course matrix for course equivalency to the criteria effective January 1, 2008. Each qualifying education course must incorporate USPAP in the topic(s). This requirement is part of the AQB New Criteria and has been adopted by the Nebraska Real Estate Appraiser Board."

Board Member Bain seconded the motion. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Vice Chair Newell moved to amend Board approved forms on the second page to read, "All materials submitted shall be retained by the Board." Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Course Seminar and Instructor Approval

Vice Chair Newell moved to approve:

The Moore Group, Frequently Asked Questions and Answers in USPAP for continuing education four (4) hours; The Moore Group, Residential Sales Comparison Approach Seminar, seven (7) hours; The Moore Group, USPAP for Reviewers, four(4) hours; The

Moore Group, Common USPAP Deficiencies, four (4) hours; Nebraska Association of County Officials, Use and Development of Discounted Cash Flow (DCF), fifteen (15) hours; Randall School of Real Estate, Understanding new Construction, three (3) hours; Randall School of Real Estate, Property Acquisition and the Need for Environmental Site Assessments, three (3) hours; CLE International, Nebraska Water Law Conference, eleven (11) hours; FHA Current Appraisal Requirements, Mid-West Appraisers Association, seven (7) hours; The Appraisal Institute, Online Appraisal of Nursing Facilities, seven (7) hours; The Appraisal Institute, Online Valuation of Detrimental Conditions, seven (7) hours; Randall School of Real Estate, Valuing Small Businesses, three (3) hours; Nebraska Realtors® Association, Land 101, twelve (12) hours; The Department of Property Assessment & Taxation, Residential Data Collection, fourteen (14) hours; The Department of Property Assessment & Taxation, forum 960 Marshall & Swift Residential – Square Foot Method, seven (7) hours; The Moore Group, Highest & Best Use Seminar, three (3) hours; and The Moore Group, appraising the Tough Ones, seven (7) hours. Board Member Bain seconded the motion. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

The seminar, “Environmental Pollution: Mold & Air Quality,” submitted by McKissock was not approved. “Introduction to Farm Appraisal,” submitted by Randall School of Real Estate was held over for clarification. “Sales Comparison and Cost Approach,” submitted by the Appraisal Institute was held over.

Vice Chair Newell moved to approve the instructors as provided on the Instructor Approval list dated April 5, 2006, except for Kenneth Beckstrom and Mark Ratterman, due to the course or seminar being held over. Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Vice Chair Newell moved for the Appraiser Board to go into executive session for the purpose of reviewing qualifications of applicants. A closed session is clearly necessary to prevent needless injury to the reputation of individual or individuals relating to applications. The time on the hearing room clock was 4:03 p.m. Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye. Present during the executive session were Board Members Bain; Kalkowski; Vice Chair Newell; Chairman Kroeger; Director Ekstein; Robert Nefsky, Rembolt Ludtke, LLP; and Jane Langan, Rembolt Ludtke, LLP.

Vice Chair Newell moved to come out of executive session at 4:29 p.m. Board Member Bain seconded the motion. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Applicants

Board Member Bain moved to approve the following:

Registered

R30601	Douglas Stagemeyer
R30602	Mary Kay Young

R30603 Miaela McArdle
R30604 James E. Holtmeyer
R30605 Rene Klug
R30606 Sara Turnipseed
R30607 Michael Kesterson
R30612 Mathew Sharp
R30613 Laura Decker

Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Board Member Bain moved to approve for exam:

Licensed

L377 Cindy A. Beck
L30608 Karla Kirsch

Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski and Kroeger voting aye. Board Member Newell voted no.

Board Member Bain moved to approve for exam:

Licensed

L30610 Shannon Nutter

Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

L30611 - Board Member Bain moved to ask for clarification on the experience log for applicant and reconsider the application. Board Member Kalkowski seconded. The motion carried with Newell, Bain, Kalkowski and Kroeger voting aye.

Board Member Newell moved:

CR30614 to deny and send letter with copy of review; can resubmit reports with review fee

CR120502 to deny and send letter with copy of review; can resubmit reports with review fee

Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Newell and Kroeger voting aye.

Chairman Kroeger clarified all members would be present for the next scheduled meeting of the Board on Thursday, April 20, 2006. Future meeting locations will be discussed at that time.

The meeting was adjourned at 4:38 p.m.

Respectfully Submitted,

Jill Ekstein
Director

These minutes were available for public inspection on April 13, 2006, in compliance with Nebraska Statute §84-1413(5).