

**REAL PROPERTY APPRAISER BOARD
CONFERENCE ROOM Z, 6th FLOOR
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE**

AUGUST 24, 2006

OPENING

Chairman Kroeger called to order the August 24, 2006, meeting of the Nebraska Real Estate Appraiser Board at 9:00 a.m., in the Conference Room Z, 6th Floor, Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska. Board Members Timothy Kalkowski, Joe Wilson, Jim Bain, and Kevin Kroeger were present. Vice Chair Sheila Newell was absent and excused. Jill Ekstein, Director, was absent and would be arriving late.

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 e-mail. The agenda was kept current on the website and in the office of the Nebraska Real Property Appraiser Board Office and the website. Materials generally used by the Board for the meeting were available in the public folder for inspection. A copy of the Open Meetings Law was available for the duration of the meeting.

ADOPTION OF THE AGENDA

Board Member Kalkowski moved to adopt the Agenda as printed. Board member Bain seconded. The motion carried with Kalkowski, Bain, Wilson and Kroeger voting aye.

Chairman Kroeger welcomed the guests to the meeting and asked for them to sign the guest log in order to ensure proper spelling of names in the minutes. Present were Diane Moore, The Moore Group; Gary Bush, Agency Budget Analyst; Roger Morrissey, Douglas County Assessor; Barry Couch, Deputy Douglas County Assessor; Suzi Lore, Certified General Appraiser, and Tracy Hock, Registered Appraiser.

APPROVAL OF THE MINUTES FROM JULY 20, 2006

Chairman Kroeger asked for any additions or corrections to the minutes. Board Member Wilson moved to approve the minutes. Board Member Bain seconded. The motion carried with Wilson, Kalkowski, Bain and Kroeger voting aye.

Chairman Kroeger announced the Board would move to unfinished business as the Director's Report and the Receipts and Expenditures Report needed to be when the Director was present.

UNFINISHED BUSINESS

Rules and Regulations

Chairman Kroeger provided an update of the status of the Rules and Regulations changes noting some recommendations had been received in the office by various interested parties. Chairman Kroeger stated the recommendations would be compiled together and sent to the Board Members for their review within the next couple of weeks. Therefore, the Rules and Regulations would be held over until the next meeting.

Reciprocity Policy

Chairman Kroeger reminded the Board during the last month's meeting, there was consideration of the policy for issuing a reciprocal credential. He noted there was good discussion for what the procedure needed to be for when an appraiser came to Nebraska and asked for a credential through reciprocity. Chairman Kroeger compiled all of the information from the previous discussion and wrote a proposed policy. He read the proposed policy to the members for their consideration:

On and after August 24, 2006, all applications for obtaining a credential by reciprocity will be forwarded by the Director to the Board for approval. It will be the Board's policy to review each application and determine if the State in which the applicant resides has similar credentialing requirements as the State of Nebraska. This will be done through an annual review of experience, education, and testing requirements for the State in which the applicant resides. This policy shall supersede any existing agreements for reciprocity which may have been entered into by the Board. This policy shall not apply to existing non-resident credential holders who are seeking renewal of an existing credential through the annual renewal process.

Discussion ensued regarding the policy and questions were answered.

Board Member Bain moved to adopt the reciprocity policy as written. Board Member Wilson seconded. The motion carried with Wilson, Kalkowski, Bain and Kroeger voting aye.

Mass Appraisal Task Force

Chairman Kroeger explained the task force consisting of he, Joe Wilson, Barry Couch, Tom Kubert, Rob Ogden, and Director Ekstein met earlier in August. Mr. Couch addressed the Board regarding the task force meeting. He stated the group talked about the mass appraisal experience and the need to allow mass appraisal to fulfill the experience requirement of an application. During the conversation, the group agreed that no one would receive all 100% of his or her experience from measuring houses. Instead at least 25% of the mass appraisal experience needed to be valuation tasks including market modeling, setting the value, reviewing the value and defending the value.

Following the meeting, Mr. Couch developed a form similar to the current experience log used for applicants completing the experience requirement in fee appraisal. He presented the form to the members.

Chairman Kroeger stated there was unanimous consent for the proposed mass appraisal experience policy among the task force members:

Credit for mass appraisal experience shall be granted hour for hour as long as the experience consists of at least 25% credible valuation tasks and not more than 75% data collection, listing and inspecting of properties. In addition, appraisal reports submitted as part of the experience component shall be two Standard 1 & 2 reports and one Standard 6 report or three Standard 1 & 2 reports to fulfill the requirement. Credible valuation tasks means setting, reviewing, adjusting or defending property value. Credit for mass appraisal experience must be provided on forms acceptable to the board and must be verified by the applicant's supervisor.

Board Member Wilson moved to adopt the mass appraisal experience policy statement as provided within the meeting packet with the additional sentence: Credit for mass appraisal experience must be provided on forms acceptable to the board and must be verified by the applicant's supervisor. Board Member Bain seconded. The motion carried with Wilson, Kalkowski, Bain and Kroeger voting aye.

2007 Renewal Forms and Fee Schedule

Chairman Kroeger stated the item was carried over from last month's meeting. He explained there were four forms in the packet, one for each level of credential. He clarified all of the forms contained the same information. The difference among the forms will be the fees for each credential.

The Board took a ten minute recess.

The Board reconvened at 10:00 a.m.

Chairman Kroeger explained the fees for 2006 were \$100 for the registered credential and \$175 for licensed, certified residential and certified general. Discussion ensued regarding the fees in accordance with the expenditures. Board Member Kalkowski suggested the Board discuss the renewal forms and wait to set the fees once the budget has been discussed.

Chairman Kroeger agreed to continue the discussion regarding the fee schedule once the Director was present to discuss the budget request.

NEW BUISNESS

AARO Meetings and Fraud Symposium

Chairman Kroeger distributed information regarding the AARO Conference to be held October 14 – 17, 2006, in Washington, D.C. On October 12, 2006, the Appraisal Foundation is holding a Fraud Symposium for state regulators and October 13, 2006, is the State Regulatory Advisory Group meeting. Chairman Kroeger explained he had attended AARO Meetings previously and felt the meetings were extremely informative.

Board Member Wilson stated he would encourage anyone who is able to attend the AARO Meetings to do so as they contain valuable information. Board Member Kalkowski asked if it would be possible to have the staff put together a calendar of events in order to assist members in determining his or her schedule as well as for budgeting purposes.

Board Member Wilson moved to approve expenses for any Board Member and the Director to attend the Valuation Fraud Seminar, State Regulatory Advisory Group Meeting and the AARO Conference to be held October 12 – 17, 2006. Board Member Bain seconded. The motion carried with Wilson, Bain, Kalkowski and Kroeger voting aye.

USPAP Update for Staff

Chairman Kroeger reminded the Board Members there had been a motion during the previous meeting for expenses to be paid for members to attend the 7-Hour National USPAP Update. He believed it was important to send the Director to the Update on an annual basis as well. Board Member Kalkowski asked what the cost was of the Update Course. Chairman Kroeger asked Diane Moore to comment. Ms. Moore stated the cost of the Update was \$175; however, she believed it would be more beneficial to send staff to the 15-Hour National USPAP Course as the Update focuses completely on the changes to USPAP and the 15-Hour Course was a much more informative course.

Board Member Kalkowski moved to send the Director and the Staff Assistant to the 15-Hour National USPAP Course and if it has already been taken to approve them annually to take the 7-Hour National USPAP Update. Board Member Bain seconded. The motion carried with Wilson, Kalkowski, Bain and Kroeger voting aye.

GENERAL PUBLIC COMMENTS

There were no general public comments.

EDUCATION

Chairman Kroeger stated there were seven new seminars for approval. Of the seven, five were online seminars offered by McKissock, LP. Two of the seminars were held over from the previous meeting in order to allow one or more board members to complete the online education. Board Member Wilson commented he took one of the offerings which contained seven chapters. He explained he was finished in approximately an hour and a half. He did not feel the seven hours was appropriate. Chairman Kroeger indicated Vice Chair Newell had completed the activity as well and was able to complete it within an hour and a half and did not feel the material was adequate.

Chairman Kroeger recommended the new seminars submitted for approval by McKissock be held over until the next meeting.

Board Member Wilson moved to approve:
“VA Appraisal Update 2006” for three (3) hours;

to hold over:

“Technology for Today’s Appraiser” for five (5) hours;
“Appraising FHA Today – Virtual Classroom” for seven (7) hours;
“Appraisal Trends – Virtual Classroom” for seven (7) hours;
“The Art of Residential appraisal Review – Virtual Classroom” for seven (7) hours;

and to deny:
“2-4 Family Finesse – Virtual Classroom.”

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

Board Member Wilson moved to approve:
“The 2006 NCLE Real Estate Seminar” for six (6) hours.

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

Board Member Wilson moved to approve the following instructors:

Andrew Bohdan Koszewski, NCLE Real Estate Seminar;
Thomas F. Shea, NCLE Real Estate Seminar;
Dean Hoag, NCLE Real Estate Seminar;
Jennifer J. Strand, NCLE Real Estate Seminar;
Thomas Huston, NCLE Real Estate Seminar;
Jeff Scanlan, NCLE Real Estate Seminar;
Gary Fischer, NCLE Real Estate Seminar;
Duane R. Viglicky, VA Appraisal Update;

to deny:
Alan Simmons, 2-4 Family Finesse – Virtual Classroom;

and to hold over:
Richard McKissock, Technology for Today’s Appraiser – Virtual Classroom;
Alan Simmons, Appraising FHA Today – Virtual Classroom;
Alan Simmons, Appraisal Trends;
Alan Simmons, The Art of Residential Appraisal Review.

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

Board Member Wilson moved to approve:

DaNay Kalkowski, NCLE Real Estate Seminar.

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

The board took a five minute recess.

The board reconvened at 10:45 a.m.

DIRECTOR'S REPORT

Director Ekstein stated that she had a few items to address but none of them was very important and she would prefer to wait until September to report.

RECEIPTS AND EXPENDITURES

Director Ekstein reported July is the first month of the fiscal year. She stated the budget status report showed budgeted amounts that were taken directly from the requested budget amounts for the fiscal year. She informed the board there were some appropriations that were still available from the previous fiscal year. Those calculations had not been added to the status report as the numbers were still being verified.

Board Member Wilson moved to submit the receipts and expenditures report for future audit. Board Member Kalkowski seconded. The motion carried with Bain, Kalkowski, Wilson and Kroeger voting aye.

BUDGET

Director Ekstein reported she had worked with Board Member Kalkowski as well as Gary Bush on the calculations of the numbers to submit for the budget request. She explained the spreadsheet with the actual expenditures, the budgeted amounts for FY07 and the proposed request for FY08 and FY09. Discussion ensued regarding the salary calculations. The agency has 2 FTEs and the calculations were made for each salaried position. Board members continued the discussion with each line item of the budgeted expenses. The suggestion was made to increase Other Contractual Services by \$17,000 for a total requested amount of \$34,000. This expense category will be used to pay the review appraiser expenses for applications and enforcement issues. In addition, it was suggested that the expense category Board & Lodging should be increased by \$2,500 to bring the total request to \$12,500.

Director Ekstein explained the difficulty projecting the revenue for FY08 and FY09. She stated it was the best guess she could make regarding the number of new credentials and renewals from year to year. Discussion occurred regarding the possible fees that would be assessed for FY07. Board Member Kalkowski pointed out the difference between budgeted expenditures and budgeted revenues for the current fiscal year as well as FY08 and FY09. It was decided that the credential fees need to be increased in order to

maintain a positive balance in the cash fund. Board Member Wilson suggested the credential renewal fees for 2007 be established at \$225 with an additional \$25 federal registry fee for the levels associated with the registry. For budgeting purposes, the Board suggested budgeting revenue for credential fees at \$275 for FY08 and \$300 for FY09 in order to achieve a balanced budget.

Board Member Kalkowski moved to use the budget request as presented with the increase of Other Contractual Services from \$17,000 to \$34,000 and increasing the Board and Lodging from \$10,000 to \$12,500 and increasing the FY08 credential fees to \$275 and the FY09 credential fess to \$300 in order to achieve a balanced budget. Board Member Wilson seconded. The motion carried with Bain, Kalkowski, Wilson and Kroeger voting aye.

Board Member Kalkowski moved to set the current credential fee at \$225 plus the \$25 federal registry fee for the licensed, certified residential and certified general credential and the registered fee at \$100 and to approve the 2007 renewal form as printed and authorize the staff to proceed with distribution. Board Member Wilson seconded. The motion carried with Kalkowski, Bain, Wilson and Kroeger voting aye.

Board Member Bain moved that the Board go into Executive Session for the sole purpose of reviewing qualifications of applicants, consideration of written complaints and enforcement matters. A closed session is clearly necessary to prevent needless injury to the reputation of the individual or individual or individuals in the personal matters relating to the applicants issuance of credentials to qualified applicants and to the alleged violation of performance in the real estate appraisal activity or valuation assignment. The time on the meeting room clock was 11:40 a.m. Board Member Wilson seconded. The motion carried with Kalkowski, Bain, Wilson and Kroeger voting aye.

Board Member Bain moved to come out of closed session at 1:55 p.m. Board Member Kalkowski seconded. The motion carried with Wilson, Kalkowski, Bain and Kroeger voting aye.

APPLICANTS

Board Member Wilson moved to ratify the Director's decision to approve:

Registered

Shane Grow R080601

James Kuhn R080602

and to approve for the licensed real property appraiser exam:

Licensed

Gregory Heinzmann L080604

and to deny:

Registered
R080603

Licensed
L080605 – send letter to applicant with review
L080606 – send letter to applicant with review

Certified Residential
CR080607 – send letter to applicant with review

Certified General
CG080608 – send letter to applicant with review

and to hold over:

CG080609 – get more information regarding state's requirements.

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

NEXT MEETING DATE

The next meeting of the Nebraska Real Property Appraiser Board will convene Thursday, September 21, 2006, at 9:00 a.m.

The meeting adjourned at 2:20 p.m.