

**REAL PROPERTY APPRAISER BOARD  
LOWER LEVEL B CONFERENCE ROOM  
NEBRASKA STATE OFFICE BUILDING  
301 CENTENNIAL MALL SOUTH, LINCOLN, NE  
October 18, 2007**

**OPENING**

Chair Sheila Newell called to order the October 18<sup>th</sup>, 2007, meeting of the Nebraska Real Property Appraiser Board at 9:04 a.m., in the Lower Level B Conference Room of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

**NOTICE OF MEETING**

Chair Newell announced 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 e-mail. The agenda was kept current in the Nebraska Real Property Appraiser Board Office and on the Board's website. Materials generally used by the Board for this meeting were available in the public folder for inspection by the public and in accordance with the Open Meetings Act. A copy of the Open Meetings Act was available for the duration of the meeting. For the record, Board Members Sheila Newell, Mathew 'Joe' Wilson, Timothy Kalkowski, James Bain, and R. Gregg Mitchell were present. Director Kitty Policky was also present.

**ADOPTION OF THE AGENDA**

Chairman Newell reminded those present at 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 Mitchell moved to adopt the Agenda as printed. Board Member Bain seconded. The motion carried with Bain, Wilson, Kalkowski, Mitchell and Newell voting aye.

**APPROVAL OF THE MINUTES FROM SEPTEMBER 20, 2007**

Chair Newell asked for any additions or corrections to the September 20, 2007 minutes. Board Member Bain moved to approve the minutes as presented. Vice Chair Wilson seconded the motion. The motion carried with Wilson, Kalkowski, Mitchell, Bain, and Newell voting aye.

**CHAIR REPORT**

Chair Newell presented to the Board a letter from Jan Meister, Nebraska Mortgage Association President on the Board's presentation by Lynne Heiden. The letter expressed their thanks and appreciation for such an informative and valuable seminar. In addition, Ms Heiden indicated that she had been contacted to develop guidelines for several of the participants. One guideline that they requested was the appraisal ordering process. Board Member Kalkowski requested participating in one of the Nebraska Bankers Association seminars. Director Policky supported the idea of a member of the Board strengthening our relationship with other regulator boards by having a member participate and discuss regulatory issues between the investment/financial institutions and the appraiser regulations. Board Member Kalkowski reported he would follow-up with a call to discuss the issues with John Munn and Bob Halstrom and the Board would address the issue at future meetings.

Chair Newell addressed the “License to Steal” article was included with the packet and is attached and considered part of these minutes. The article addressed the convenience of identity theft by advertising the appraiser as well as the credentialing number on our website. Mitchell stated that the convenience of the information simply made theft more viable. Director Policky explained that the removal of the number would not be a problem. The identification for each appraiser would remain by identifying the credential earned such as certified general, certified residential, etc. Searching is done by county and the credential designation would still be available to the user or individual seeking an appraiser. Vice Chair Wilson moved that the credentialing numbers be removed from the website and only the earned designation would be available to identify each appraiser. Wilson requested a letter be forwarded to the Subcommittee to suggest such a move be made at the federal level. Board Member Bain seconded the motion. Motion carried with Kalkowski, Mitchell, Bain, Wilson and Newell voting aye.

### **DIRECTOR’S REPORT**

Director Policky thanked the Board for the opportunity to attend the Association of Appraiser Regulatory Officials (AARO) 2007 fall conference in Washington, DC Sept. 29-October 2. The meeting was quite valuable when addressing the obligations of the 55 state and provincial jurisdictions to not only the federal requirements but to each other. Director Policky distributed copies to each member of the instructions for locating not only the AQB course approvals but the history for each course. The Appraisal Foundation is in the process of finishing the development of the on-line information for each state. Policky reported the recognition of the problems of states complying with the 2008 criteria and the discussion of the 19 states currently being disciplined for failure to meet federal guidelines. AARO officials expressed the need for states to assist each other and work together to bring every jurisdiction into compliance to prevent further disciplinary action by the Federal Subcommittee.

The topics of the breakdown of regions of which Nebraska is a part of Region V generated much controversy among neighboring states. The process of application and the acceptance of demonstration reports prior to or subsequent to application; the concept of accepting only education that had been approved by the Appraiser Qualifications Board for pre-requisite education was unanimous; the definition of Policy Statement 10G and the parameters for Standard 6 compliance for mass appraisal, ad valorem and valuation where the Board selects the reports and the reports comply with Standards 1, 2 or 6; and the new 2008-09 USPAP book which includes the Frequently Asked Questions and Advisory Opinions.

To assist appraiser boards and jurisdictions limited funding could possibly be met through federal assistance through monetary contributions. Changing laws are not simple for many jurisdictions whose credentialing boards are only a part of a licensing or credentialing board that credentials everything from insurance to barbers. Many participants on the boards of jurisdictions have little or no appraiser experience and certainly know little about the administration of USPAP. New criteria implementation cannot be accomplished under such circumstances. Participants at AARO emphasized the possibility of federal regulation if criteria cannot be met by state jurisdiction.

Vice Chair Wilson requested that Nebraska send a letter of support to Colorado to lend assistance in whatever manner we could in their administration and efforts to come into federal compliance.

Director Policky did convey to the Board a statement that had been made by Mr. Henson of the Appraisal Foundation at a meeting by the Foundation on the Friday prior to the Saturday meetings of the AARO. Mr. Henson mentioned that a certified general should

submit a residential report. Denise Graves assured individuals that the statement would be reviewed and notification would be made to states in a timely manner. Chair Newell assured the Board that simply asking a certified general applicant for an additional report and requesting that the report be a residential report would be a simple adjustment to the requirements.

Board took a break at 9:52 a.m.

Board meeting reconvened at 10:04 a.m.

Director Policky reminded the Board that what the Appraisal Subcommittee requests from each jurisdiction is simply the minimum requirement. There is no law that says a state cannot exceed the requirements of the Appraisal Subcommittee. Discussion concerning the certified general residential report submission led to the conclusion that although an appraiser maybe a certified general and the guidelines assume a certified general can perform a residential appraisal – that may not be the case. Board Member Mitchell pointed out that all appraisers, including certified general, must apply the Competency Rule when accepting an assignment.

The last point of interest from AARO was the presentation by Dennis Badger from Kentucky. Dennis did an excellent job of showing the difference between a review and an investigation and how to apply review and investigatory techniques. Mr. Badger is employed by AARO and is available to visit a state for instruction for only the reimbursement costs of traveling and meals. Dennis will apply the statutes and rules and regulations of that appraiser regulatory agency to the concept of review and investigation. Director Policky encouraged this Board to invite Mr. Badger to Nebraska next year.

Director Policky reported to the Board only two certified appraisers could be added to last month's total and the final number should not change before the end of the year. The final numbers should remain at 936 total appraisers.

Renewals are being processed and prepared for distribution after the November 30<sup>th</sup> deadline. The 2008 Scope of Practice will be included with the mailing of the pocket cards.

### **RECEIPTS AND EXPENDITURES REPORT – SEPTEMBER**

The receipts and expenditures for September were reviewed by the Director by line item with the Board. Attached to the Budget Status Report was a new report identified as the "Transaction Journal" so the Board could review the amount of funds being spent on reviews of appraisal demonstration reports and discuss the lack of funds to complete the sequential application process facing the Appraiser Board. The overwhelming number of applicant demonstration reports that were sent for review generated a \$12,900 expense for the month of September. Application fees totaling \$5,950 at \$100 each for temporary and \$150 each for credential application indicates almost 40 new applicants were received during the same month. Director Policky discussed the processing of encumbrances in the near future to release funds coming from this budget that should be paid from last year's budget and explained that additional fees would be available as soon as the encumbrances were processed. Also a consideration at this point, is a response to Gary Bush's request to make application for additional funds prior to the deadline. Policky turned the Board's attention to the eight pages of applicants for this meeting. Board Member Kalkowski asked that a

projection for the number of applicants be made for review at approximately \$1500 each for a certified general, \$950 for each certified residential, and \$750 each for a license applicant. Board Mitchell asked for consideration for perhaps a processing fee in addition to an application fee. Chapter Six of Title 298 establishes an additional fee for review but that fee does not possibly cover the rate of review and the rate of the denial of demonstration reports. Board requested the Director refer to the current Rules and Regulations as a guideline for the cost of resubmission. Board Member Bain moved to accept and file the September 2007 Receipts and Expenditures report for audit. Board Member Kalkowski seconded. The motion carried with Mitchell, Bain, Wilson, Kalkowski, and Newell voting aye.

## **UNFINISHED BUSINESS**

### **1. Experience Log Format**

Chair Newell presented examples of logs for each credential applicant noting that not one log format was applicable to all credentials. It was noted that the certified general log is lacking the single family residential and the 2-4 family. Chair Newell asked Board members for changes or additions to the individual logs. Board members complemented Newell on the log examples as presented.

### **2. Review/Investigator training update:**

Chair Newell reported an update to the Board for the reviewer training session in North Platte by Lynne Heiden, a Certified General appraiser and AQB certified USPAP instructor from Kearney on November 14<sup>th</sup> from 1-5 p.m. A room at the Sandhills Convention Center has been reserved. Cay Lacey, a Certified General appraiser and AQB certified USPAP instructor from Lincoln, will teach the training session in Lincoln on November 16<sup>th</sup> at the Nebraska State Office Building, and lower level "B" from 10 a.m.-3 p.m. The goal of the training is to establish guidelines and consistency for reviewing applicant demonstration appraisal reports and disciplinary appraisal reports and the effective application and interpretation of all USPAP standards and rules. Chair Newell suggest that all reviewers and Board members be required to complete the 2-day tested National USPAP every two years. Although Board members agreed with Chair Newell concerning the value of the education, they were not willing to make completing the additional course a requirement.

### **3. Columbia Institute**

Chair Newell brought to the Board's attention a flyer distributed by Columbia Institute in Nebraska with incorrect information by advertising a continuing education seminar that was not approved by this Board and a seminar indicating the incorrect hourly value. Director Policky read to the Board a letter she sent to Columbia Institute cautioning the advertising of education offerings in Nebraska for seminars that have not been approved by this Board and for advertising seminars with the incorrect hourly credit would have serious consequences. Board Member Mitchell suggested that in addition to the letter that was sent to Columbia Institute that information be posted on our website indicating which seminar was not approved and the value of the USPAP seminar update is for only seven hours. Director Policky agreed to post the information on the education schedule location of the website.

## **NEW BUSINESS**

### **1. Rules and Regulations amendments**

Chair Newell stated the Board needs to consider all changes that need to be made to the rules

and regulations as it is almost time to set into motion the procedures for changes and requests for legislation.

## **2. 2008-09 USPAP**

The new 08-09 USPAP book is at last available from the Appraisal Foundation. For the first time, USPAP will be effective for a two-year period or January 1, 2008 to December 31, 2009 and incorporates the USPAP Advisory Opinions and the USPAP Frequently Asked Questions into a single edition. Board Member Mitchell moved to order the 2008-09 USPAP books as required by the rules and regulations for distribution to each resident who has renewed as of January 1, 2008. Vice Chair Wilson seconded. Motion carried with Bain, Wilson, Kalkowski, Mitchell and Newell voting aye.

## **GENERAL PUBLIC COMMENTS**

Chair Newell addressed Jim Koch from Property Assessment and his concerns about the mass appraisal logs and the return of log submissions. Chair Newell referred Mr. Koch to Barry Couch at the Douglas County Assessor's office for copies examples of the mass appraisal logs. Director Policky explained to Mr. Koch that changes were needed to some log examples as accountability for time had been omitted. Since the federal requirements for submission measures experience in hours, changes were needed to meet the requirement for experience. Addressing the return of logs was also along the same lines as no time assessment was made for assignments and logs have also been returned due to the fact that the policy adopted by the Board in August of 2006 requires 25% of mass appraisal experience needs to be valuation tasks such as modeling, setting the value, reviewing the value and defending the value. Data collection and clerical procedures do not constitute value. The volume of applicants has forced the office to simply return logs that do not meet requirements as the conditions are becoming too numerous to track.

Board took a break at 11:24 a.m.

Board meeting reconvened at 11:55 a.m.

## **EDUCATION**

Vice Chair Wilson moved to approve the following continuing education seminars and instructors:

Bobbitt & Company, Inc.

On-Line / *FHA & VA Appraisal Basics* – 7 hours – C2765-I.

Instructor: Submit later date.

On-line / *Introduction to Commercial Appraisal* / 3.5 hours – C2728-I

Instructor: Submit later date.

On-Line / *Mortgage Fraud: A Dangerous Business* – 7 hours – C2767-I

Instructor: Submit later date.

Appraisal Institute:

On-Line / *Cool Tools: New Technology for Real Estate Appraisers* – 7 hours/C2768-I

Instructor: Wayne Pugh

On-Line / *Condominiums, Co-Ops, and PUDs* – 7 hours/C2799-I

Instructor: Alan Simmons

Columbia Institute:

*Analyzing the Subject, No. 012B* – 4 hours – C2770

Instructors: Dr. George Harrison, Martin J. Molloy, Robert F. Hetrick,  
Bernard N. Boarnet, and Diane Jacob

Van Education Center

On-Line / *Basic Appraisal Procedures* – 30 hours of pre-requisite education credit.  
Board voted to return request as Nebraska does not approve on-line pre-requisite education. Van Education Center has the choice to resubmit as continuing education offering with the appropriate fee.

Department of Revenue/Property Tax Division:

Stephen Behrenbrinker as instructor for IAAO's course offering "Income Approach to Value" – A0052 to be offered on November 5-9, 2007 in Kearney.

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

Vice Chair Wilson moved that the Board go into executive session for the purpose of reviewing applicants for credentialing and enforcement. A closed session is clearly necessary to prevent needless injury to the reputation of the individual or individuals relating to the issues of qualifying applicants or enforcement. The time on the meeting clock was 12:00. Bain seconded the motion. The motion carried with Wilson, Kalkowski, Mitchell, Bain and Newell voting aye.

Vice Chair Wilson moved to come out of executive session at 2:15 p.m. Board Member Kalkowski seconded the motion. The motion carried with Mitchell, Bain, Wilson, Kalkowski and Newell voting aye.

Applicant Renae Bagley, will be required to complete a 15-hour USPAP within the last two years and submit three reports for review. The three certified general reports must meet the application guidelines. Two reports must demonstrate all three approaches to value. Ms. Bagley originally earned a credential in Nebraska and is returning as a resident to Nebraska.

Vice Chair Wilson moved to ratify R832, 833, 834, 835, 837 applicants.

Vice Chair Wilson moved to take the following actions for the applicants for the license credential:

L545 – Approve application and select verification report. Applicant cannot receive credential until June 19, 2008 until applicant meets the time frame requirement as set by the Subcommittee.

L542 – Approve application and select verification report.

L543 – Deny application and request three new reports

L546 – Deny application and request three new reports.

L551 – Deny application and request three new reports.

Vice Chair moved to take the following actions for the applicants for the certified residential credential:

- CR149 – Deny application and request submission 2-4 family and house <20 years.
- CR183 – Approve application and select verification report.
- CR188 – Approve application and select verification report.
- CR190 – Approve application and select verification report.

Vice Chair moved to take the following action for the applicants for the certified general credential:

- CG415 – Approve application and select verification report.
- CG413 – Approve application and select verification report.
- CG430 – Deny application and request one new report.
- CG432 – Deny application and request one new report.
- CG437 – Deny application and request one new report.
- CG422 – Deny application and request one new report.
- CG444 – Approve application and select verification report.

Vice Chair Wilson moved to ratify the following sequential applicant for examination:

L547, L548, L549, L544

CR180, CR182, CR184, CR185, CR186, CR187, CR189, CR191, CR192, CR194,  
CR195, CR196, CR197, CR198

CG438, CG439, CG440, CG441, CG443, CG445, CG446, CG447

Board Member Mitchell seconded the Motion. Motion carried with Bain, Wilson, Kalkowski, Mitchell and Newell voting aye.

Vice Chair Wilson moved to take the following enforcement actions:

- 06-16 Deny Request for change of venue.
- 06-22 Send out for review.
- 06-26 Close. Change reference to Consent Agreement instead of Agreed Settlement
- 07-04 Consent Agreement to Board approved mentor.
- 07-07 File formal complaint.
- 07-13 Request true copy of two reports and workfile from submitted log.
- 07-14 Request informal conference
- 07-16 Request true copy of selected reports and workfiles from log.
- 07-17 Consent Agreement for Board approved mentor.
- 07-21 Send report and workfile out for review.
- 07-22 Send report and workfile out for review
- 07-24 Request true copy of appraisal report and workfile.
- 07-25 Request true copy of appraisal report and workfile and send for review
- 07-26 Request true copy of appraisal report and workfile and send for review.

Board Member Mitchell seconded the motion. The motion carried Wilson, Kalkowski, Mitchell, Bain and Newell voting aye.

Vice Chair Wilson moved to take the following enforcement action:

07-27 Request true copy of appraisal report and workfile and send for review.

Board member Bain seconded the motion. The motion carried with Kalkowski , Bain, Wilson, and Newell voting aye. Mitchell abstained.

Board Member Bain moved to take the following enforcement action:

02-28 Quarterly appraisal reports as selected from log sent out for review.

Board Member Mitchell seconded the motion. The motion carried with Bain, Mitchell, and Newell voting aye. Vice Chair Wilson and Board Member Kalkowski abstained.

Board Member Bain moved to take the following enforcement action:

07-09 File formal complaint.

Board Member Mitchell seconded the motion. The motion carried with Kalkowski, Mitchell, Bain, and Newell voting aye. Vice Chair Wilson abstained.

Chair Newell requested approval by Board for additional expenses for arriving early to complete the applicant verification report reviews. Board Member Mitchell moved to approve the additional expenses. Vice Chair Wilson seconded the motion. Motion carried with Mitchell, Bain, Wilson, and Kalkowski voting aye. Chair Newell abstained.

Next meeting date is scheduled for December 13, 2007.

The meeting was adjourned at 2:28 p.m.

Respectfully submitted,

Kitty Policky, Director

These minutes were available for public inspection on October 28, 2007, in compliance with Nebraska Statute §84-1413(5).