

**REAL PROPERTY APPRAISER BOARD
DEPARTMENT OF EDUCATION BOARD ROOM, 6TH FLOOR
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE
Thursday, February 21, 2008**

OPENING

Chairman Joe Wilson called to order the February 21, 2008, meeting of the Nebraska Real Property Appraiser Board at 9:06 a.m., in the Department of Education Board Room, 6th Floor of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

NOTICE OF MEETING

Vice Chair Wilson 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 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, Mathew 'Joe' Wilson, Timothy Kalkowski, James Bain, Gregg Mitchell, and Bradford Moore were present. Director Kitty Policky was also present.

ADOPTION OF THE AGENDA

Chair Wilson 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 Bain moved to adopt the Agenda as printed. Board Member Mitchell seconded. The motion carried with Kalkowski, Bain, Mitchell, Moore, and Wilson voting aye. Motion carried.

WELCOME GUESTS

Wilson welcomed the guests to the meeting and asked them to please sign the guest log. Present was Diane Moore from the Moore Group.

APPROVAL OF THE MINUTES FROM JANUARY 17, 2008

Chair Wilson asked for any additions or corrections to the January 17, 2008 minutes. Board Member Kalkowski ask for a clarification of the agreement letter for the appointments from the Attorney General's Office stating that no settlement shall be valid unless approved in writing by the Attorney General. Director Policky assured Kalkowski that the request has been forwarded to Legal Counsel William Blake for an opinion but that opinion was not available for this meeting. Kalkowski also asked for a clarification of the large sum of money that had been spent on a website that had little to offer for the investment. Again, Policky reminded Kalkowski that although the issue was an important issue for this Board, it was viewed as a non essential subject for the present. Director Policky agreed that the investment was staggering and there should be accountability. The website would be addressed and the issues discussed at a future date. Implementing new criteria, rules and regulations, and processing hundreds of applicants would be the most important issues for the present.

Kalkowski made a request to return to the settlement issue referred to in the contracts from the Attorney General's office. Legal Counsel Blake assured the Director that our agreements would not be a part of the Attorney General's office. Kalkowski requested the issue be returned to the March agenda for discussion.

Chair Mitchell moved to adopt the minutes as presented and Bain seconded the motion. The motion carried with Bain, Mitchell, Moore, Kalkowski and Wilson voting aye.

CHAIR REPORT

Chairman Wilson had no items to address.

DIRECTOR'S REPORT

1. LB1011

Director Policky reported that LB1011 has advanced and the progress could be viewed on the Nebraska Legislature website by searching LB1011.

2. Mid-Biennium Budget Adjustments.

The Governor's address on Wednesday, January 16th approved \$75,000 additional authority to spend for 2007-08. Director Policky appeared before the Appropriations Committee on February 7th to answer questions. As none were presented, Director Policky thanked members for their support in such changing times and unforeseen circumstances that this office has faced implementing the new 2008 criteria and processing applicants.

3. Appraiser Accounting.

Director Policky brought to the Board's attention the dramatic reduction of appraisers. 2007 ended with 938 appraisers and to date there are only 872 credentialed appraisers. Policky explained that the loss of 66 appraisers is due primarily to candidates for credential upgrades. However, Policky explained that it is also necessary to keep in mind that all current credentials have until June 30th to meet the necessary qualifications and renew. Director Policky also emphasized that although the Scope of Practice specifically eliminates the appraisal of agriculture or assignments exceeding the federal *de minimus*, there are plenty of assignments for appraisers with a Registered credential and the three years allowed for renewal would give Registered credential holders sufficient time to acquire the experience necessary to move to a new credential. It was emphasized that the new 2008 criteria changes the minimum time for experience for the License credential from two years to one year. Individuals holding the Registered credential need to make plans to move instead of simply relinquishing a career.

Board Member Kalkowski requested that the Board apply oversight to the future of the receivables and budgetary considerations. If the profession will be eliminating almost one-third of its credentials by 2012, the Board will need to apply caution and oversight to the shortage. As a banker, it is evident that losing even the 66 appraisers to date amounts to a significant amount of money and three years down the road, when the appraisal profession will lose approximately one-third of its credentials, the impact will be even more significant. Although we have spent years planning for this shortage, the impact will be significant. Director Policky emphasized that many of the credentials are a part of the sequential application process and will be retained at a new credential but also emphasized the loss that will be evident in the future. 2009 will be the indicator after the applicants complete the last

phase of the sequential application process and a new understanding of the profession can be integrated. It will take time for candidates both seasoned and new to understand the new requirements and how to acquire a credential or advance to another.

Vice Chair Mitchell emphasized the need to remind applicants of their obligations to complete the application process and requested that a reminder be forwarded to applicants.

4. AARO Membership Dues.

Director Policky asked the Board for a motion to pay the 2008 dues for AARO membership in the amount of \$350.00 and presented a copy of the invoice to each member. Vice Chair Mitchell moved to remit said payment. Board Member Moore seconded. The motion carried with Mitchell, Moore, Kalkowski, Bain and Wilson voting aye.

RECEIPTS AND EXPENDITURES REPORT – JANUARY 2008

The receipts and expenditures for January were reviewed by the Director by line item with the Board. A copy of the report is considered part of these minutes and is attached. Board Member Kalkowski commented that the budget looked good and with the additional appropriation for review fees, the Board appeared to have a chance of making it through the budgetary period. Director Policky pointed out that every cent that has not been appropriated to a necessity such as rent or communications, etc, has been spent on review fees for applicants.

Vice Chair Mitchell moved to accept and file the January 2008 Receipts and Expenditures report for audit. Board Member Moore seconded. The motion carried with Moore, Kalkowski, Bain, Mitchell and Wilson voting aye.

UNFINISHED BUSINESS

1. Status LB1011/Amendments/Advanced.

Status of LB1011 was addressed during the Director's report.

2. Steve Schultz/Omaha

Steve Schultz had requested the opportunity to address the Board but did not make an appearance.

3. Scope of Practice

Board Member Kalkowski brought to the Board's attention a comment from Banking Director Robert Hallstrom concerning the fact that it should be noted that Registered appraisers can perform assignments below the federal *de minimus* of \$250,000. The Board discussed not only Mr. Hallstrom's suggestion but additional clarifications to definitions of the Scope of Practice.

Vice Chair Mitchell moved to accept the amended Scope of Practice and requested that Director Policky send correspondence to Mr. Hallstrom thanking him for his keen observation as it is easy to forget what we consider the most obvious but in reality is not for the banking and lending community or for that matter, anyone who does not practice appraisal. Board Member Bain seconded the motion. Motion carried with Kalkowski, Bain, Mitchell, Moore and Wilson voting aye.

Chairman Joe Wilson and Board Member Brad Moore will be participants in the Spring Agribusiness Conference for the Nebraska Bankers that will be held in Kearney, April 2-3, 2008, at the Kearney Holiday Inn. The presentation will be made April 2 from 1-2 p.m. addressing the role and scope of practice of each credential and how to effectively select an appraiser for an assignment. The invitation to participate will give individuals who require the services of an appraiser to complete loan and financial transactions the opportunity to address questions and concerns that written definitions can't fully explain.

Board took a break at 10:25 a.m.

Board meeting reconvened at 10:40 a.m.

NEW BUSINESS

1. Lynne Heiden

Director Policky reported that Lynne Heiden had called and would not be able to attend the February meeting but would make plans to address the Board at the March meeting.

2. Proposed Rules and Regulations

The Board reviewed proposed changes to the Rules and Regulations. Each change or addition was discussed in length. The changes as a result of the Board discussion will be reviewed at the March meeting. A copy of the changes are attached and considered part of these minutes.

3. Resubmission Policy

Discussion of the resubmission policy was addressed during the review of the proposed changes to the Rules and Regulations. The changes proposed are the changes the Board has requested over the last year concerning the resubmission of reports. The first issue concerned the fees for each resubmission. The resubmission fee is as follows: resubmission for the licensed credential shall be no more than \$450.00; resubmission fee for the residential certification shall be no more than \$550.00; and the resubmission fee for the general certification shall be no more than \$900.00. The resubmission fee addresses what this Board pays to have a set of demonstration reports reviewed. If a certified residential needs to submit only the multiple family, the cost would be only \$250.00. But, if all three of the certified residential reports would need to be resubmitted, the cost would be \$550 or the fee this office pays to have the reports reviewed. An applicant would be permitted to resubmit only once after the initial submission of demonstration reports. If the second request for demonstration reports fails to conform with the minimum USPAP guidelines, the applicant will be required to complete additional education as prescribed by the Board and begin the application process over by filing a new application six months after the notification and completion of the education. The resubmission policy was changed as part of the proposed changes to the rules and regulations and no motion or vote was proposed at this time.

GENERAL PUBLIC COMMENTS

Chair Wilson asked for any public comments. With none, the Chair proceeded to education.

EDUCATION

Vice Chair Mitchell moved to approve the following continuing education seminars for both new and renewal and respective instructors as listed:

McKissock, LP:

On-Line / *Even Odder: More Oddball Appraisals* / 7 hours – C2816-I

Instructor: Daniel Bradley

On-line / *Mortgage Fraud: Protest Yourself* / 5 hours – C2814-I

Instructor: Daniel Bradley

On-Line / *Environmental Issues for Appraisals* / 3 hours – C2813-I

Instructor: Alan Simmons

Lancaster County Assessor/Register of Deeds:

IAAO Course 102 – Income Approach to Value – 30 hours / C2276

Instructor: Barry Couch

International Right of Way Association, California:

Course 801, United States Land Titles – 7 hours / C9439

Instructors: Joachim Pestinger

Appraisal Institute:

Appraisal Challenges: Declining Markets & Sales Concessions – 7 hours – C2830

Instructors: Mark Ratterman

REO Appraisal – Appraisal of Residential Property for Foreclosure and Pre-Foreclosure – 7 hours – C2831

Instructors: Mark V. Smeltzer

ONLINE - Marshall & Swift Commercial Cost Training – 7 hours – C2832-I

Instructors: Ken Slueter

ONLINE – Residential Sales Comparison & Income Approach – 28 hours – C2575-I

Instructors: Mark Ratterman

Nebraska Realtors Association (Renewal):

GRI 102: Residential Construction, Appraisal & Environmental Issues – 14.5 hours – C2224

Instructors: Barry Stranz

Just Valuation Inc. (JVI):

ONLINE – Appraising Residential REO Properties (1-4 Family Units) – 6 hours C2825-I

Instructors: Robert “Bob” McKenna

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

Vice Chair Mitchell moved to approve the following continuing education seminar and instructors:

The Moore Group:

Residential Report Writing Workshop – 7 hours – C2849

Instructors: Bradford Moore and Diane Moore

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

APPLICANTS & ENFORCEMENT

Vice Chair Mitchell moved that the Board go into executive session for the purpose of reviewing applicants for credentialing and consideration of written complaints and disciplinary action. 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 and relating to the alleged violations of performance in real property appraisal practice. The time on the meeting clock was 12:40. Moore seconded the motion. The motion carried with Kalkowski, Bain, Mitchell, Moore and Wilson voting aye.

Vice Chair Mitchell moved to come out of executive session at 2:40 p.m. Board Member Moore seconded the motion. The motion carried with Bain, Kalkowski, Mitchell, Moore and Wilson voting aye.

Vice Chair Mitchell moved to approve reciprocity applicant Kristell Randel/Oberlin, Kansas

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

L544 – Approve application and request verification report.

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

CR142 – Approve application and select verification report(s).

CR156 – Deny and request new 2-4 family and residential > 20 yrs. and \$250 fee.

CR161 – Deny and request new reports and \$250.00 review fee.

CR182 – Approve application and select verification report(s).

CR192 – Deny and request three new reports and \$250.00 review fee.

CR199 – Deny and request three new reports and \$250.00 review fee.

CR202 – Approve and select verification report(s).

CR209 – Deny and request new 2-4 family and \$250.00 review fee.

CR213 – Approve and select verification report(s).

CR223 – Deny and request three new report and \$250.00 review fee.

CR227 – Deny and request residence < & > 20 yrs and cost approach for each and \$250.00 review fee.

CR338 – Approve and select verification report(s).

CR345 – Deny and request three new reports and \$250.00 review fee.

Vice Chair Mitchell moved to accept the verification reports submitted by candidates for review.

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

Vice Chair Mitchell moved to take the following enforcement actions:

06-22 – Hold. Grant extension for Answer until March 10, 2008

07-02 & 07-03 – Close. Send letter omitting reporting format.
07-05 & 07-17 – Consent Agreement signed by Board Chair.
07-08 – Sent two reports for review – review not returned for February meeting.
07-09 – Hold – Informal settlement conference.
07-14 – Hold – Informal settlement conference.
07-16 – Consent Agreement signed by Board Chair.
07-18 – Consent Agreement signed by Board Chair.
07-22 – Grant extension for Answer until March 10, 2008.
07-24 – Hold – Formal filed.
07-25 – Hold – Review not returned for February meeting.
08-01 – Hold – Review not returned for February meeting.
08-02 – Cease & Desist and forward copy to South Dakota Appraiser Board.
08-03 – Request true copy of appraisal and work file.
08-04 – Dismiss.
08-05 – Request true copy of reports and work files.
08-06 – Request true copy of reports and work files.

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

Vice Chair Mitchell moved to take the following enforcement action:

02-28 Consent Agreement – Hold – Response pending.

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

Next meeting date is scheduled for March 20, 2008.

ADJOURNMENT

At 2:46 Chair Wilson adjourned the February 21, 2008, meeting of the Real Property Appraiser Board.

Respectfully submitted,

Kitty Policky, Director

These minutes were available for public inspection on March 3, 2008, in compliance with Nebraska Statute §84-1413(5).