

REAL PROPERTY APPRAISER BOARD
Real Property Appraiser Board Office, Lower Level
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE

June 7, 2012 Meeting Minutes

A. OPENING

Chairman Brad Moore called to order the June 7, 2012 strategic planning meeting of the Nebraska Real Property Appraiser Board at 9:38 a.m., at the Nebraska Real Property Appraiser Board office located on the lower level of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

B. NOTICE OF MEETING

Chairman Moore announced the notice of the meeting was duly given, posted, published and tendered in compliance with the Open Meetings Act, and all Board Members received notice simultaneously by email. Publication of official notice of the meeting appeared in the June 5, 2012 edition of the *Lincoln Journal Star*, a legal newspaper of general circulation in this State, as required by the public meeting law. 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 Bradford Moore, Tom Kubert, Philip Barkley, and Marc Woodle were present. David Hartman was absent and excused. Also present were Director, Tyler Kohtz, and Staff Assistant, Kirsten Casburn.

ADOPTION OF THE AGENDA

Chairman Moore reminded those present for the meeting that the Agenda cannot be altered 24 hours prior to the meeting except for emergency items according to the Open Meetings Act. Board Member Barkley moved to adopt the Agenda as printed. Board Member Kubert seconded the motion. With no further discussion, the motion carried with Woodle, Kubert, Barkley and Moore voting aye.

WELCOME GUESTS

Chairman Moore welcomed the guests to the meeting and asked that they please sign the guest log. Only member of the public in attendance was Diane Moore.

C. CHAIRMAN'S STATE OF THE BOARD REPORT

Chairman Moore thanked board members and staff for their attendance at the Board's strategic planning meeting. The Chairman stated that this is the first time in twenty years the Board has held such a meeting. Chairman Moore went on to say that the State of Nebraska was a leader in developing and monitoring regulations and standards pertaining to appraisal practice, and was the first state to credential appraisers. The Board has experienced many changes during the past twenty years, and recently undergone a sixty percent turnover to the Board and staff. In September of 2011, the Board made the decision to change its direction. Chairman Moore noted the opportunities and challenges that lie ahead for the Board. The Chairman made note of the Appraisal Subcommittee's requirements effective in 2015, and indicated the need to begin working on legislation in the fall of 2013. Chairman Moore also brought attention to potential AMC Registration Act changes. Finally, Chairman Moore spoke about the direction he sees the Board heading and the additional resources needed to get the Board there.

D. DIRECTOR'S COMMENTS

Director Kohtz thanked the Board for giving him the opportunity to serve the Board as its Director, and for holding the strategic planning meeting. The Director went on to say that the Board's cohesiveness and work ethic is important to setting and achieving goals and objectives. Director Kohtz then laid out his vision for the Board's future, which includes building more public awareness, becoming more active in the education community, increasing communication with the appraisal community, continue to improve operation efficiencies and standards, and developing a well-rounded compliance program. Director Kohtz explained the format for the meeting, and indicated that a topic will be discussed, then goals and objectives will be determined based on the discussion.

E. GENERAL PUBLIC COMMENTS

Chairman Moore asked for any public comments. With no comments the Chair proceeded to the legislative discussion.

F. LEGISLATIVE

- 1. REAL PROPERTY APPRAISER ACT:** Director Kohtz indicated that the latest edition of the Act will be posted to the website soon. Discussion took place regarding the following items:
 - a. The Appraisal Subcommittee Audit Report recommendation that the Board makes statutory changes to ensure that the Act references the latest edition of USPAP.
 - b. Potential statutory changes and procedures related a new credential in the future for those doing mass appraisal work.
 - c. Many general maintenance changes need to be made to the Act.
- 2. APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT:** Discussion took place regarding the following items:
 - a. The Dodd-Frank Act requires AMCs to be registered with the Appraisal Subcommittee, and that a registry fee be collected based on the number of appraisers actively doing work for each AMC. The AMC Act does not reference this requirement.
- 3. TITLE 297:** No discussion took place
- 4. TITLE 298:** Discussion took place regarding the following items:
 - a. Development of a table of content for the Rules and Regulations.
 - b. The need to clean Title 298 up, so that information is easier to find.
 - c. Any changes should be discussed at the same time changes are being discussed for the Real Property Appraiser Act and AMC Registration Act.
- 5. GOALS AND OBJECTIVES:**
 - a. Short Term
 - i. Create table of contents for Rules and Regulations.
 - ii. Begin to form a committee for law and rule changes in January 2013. Potential committee makeup includes the Director, two present board members, a past board member, and a representative of financial institutions. Director Kohtz will research teleconference capabilities to get better participation throughout the entire state, and the potential for education credit will be discussed by the Board at a future date.
 - iii. Contact ASC to find out a time frame for when the Dodd-Frank AMC registry requirements will take effect.
 - b. Long Term
 - i. Update the Real Property Appraiser Act and AMC Registration Act to have an effective date of January 1, 2015.
 - ii. Update Title 298 within six months of Act changes being approved.

G. COMPLIANCE

1. **ENFORCEMENT PROGRAM PROCEDURES:** Discussion took place regarding the following items:
 - a. The board meeting format for the investigative logs.
 - b. Director Kohtz communicated a plan to incorporate enforcement information into the Appraiser Board database. The enforcement area will include basic investigation information, the investigative log, and information pertaining to previous investigations and disciplinary actions taken against a credential holder. The Board requested additional information regarding the database's security.
 - c. Investigative training has been very beneficial for current board members. Board Member Kubert indicated his interest in attending investigation training.
 - d. Benefits of a Compliance Officer to conduct investigations and report findings to the Board.
 - i. The need for a more thorough investigation to determine non-USPAP statutory violations. Such investigation should include Complainant and Respondent interviews, more detailed evidence collection, and a comprehensive investigative report.
 - ii. Board members are currently involved in the investigation and decision for grievances. The Board would like to remove its members from the investigative duties, and place focus on its decision duties.
 - iii. Investigations require expertise in both USPAP and administrative law. A Compliance Officer with an appraiser background could be taught administrative law and investigative techniques. An expert with these abilities would result in a more detailed, timely and consistent investigation.
2. **REAL PROPERTY APPRAISER ACT:** The Board discussed non-USPAP violations of the Appraiser Act and how best to investigate these matters. Specifically, the Board discussed ways to better investigate fraud. The Board considered the benefits of a Compliance Officer for these investigations.
3. **APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT:** Director Kohtz made note of the fact that the AMC Registration Act is still new and no violations have been reported to date. In the future, additional resources will be required for the enforcement of the Act.
4. **GOALS AND OBJECTIVES**
 - a. Short Term
 - i. Reformat investigation logs presented at board meetings.
 - ii. Begin planning for the addition of a Compliance Officer.
 - b. Long Term
 - i. Have a Compliance Officer in place by July 2014.
 - ii. Establish investigation standards and procedures by July 2014.

H. CREDENTIALING AND REGISTRATION

1. **CREDENTIALING PROCESSES AND PROCEDURES:** Discussion took place regarding the following items:
 - a. When the Appraiser Act and the Rules are read together, a two-step process is required for verifying a temporary applicant's good standing. Efficiency may be increased if changes are made to the Act or Rules to only use the Federal Registry for verification of good standing.
 - b. The length of time it takes from submission of an application to when a credential is awarded was examined. In addition to enforcement duties, the Compliance Officer may be able to oversee the credentialing process as well, which would remove the need for multiple board meetings to review credentialing information. The Compliance Officer could verify the accuracy of the application and experience log, and select and send out reports for review. The applicant would go before the Board for approval once all the steps are completed. This would remove one to two months from the process.
2. **CURRENT CREDENTIALS:** Discussion took place regarding the following items:

- a. Certified General, Certified Residential, Licensed, Registered
 - i. The Board reviewed appraiser count projections for the next three fiscal years, which were based on current trends. The increase in requirements to become an appraiser established by the Appraisal Foundation's Appraiser Qualifications Board in 2008, along with the rise in standards appraisers must adhere to due to the introduction of the Dodd-Frank Act, has resulted in a decrease in the number of credentialed appraisers in Nebraska. In addition, retiring the Registered Appraiser credential has contributed to the decrease in the number of credentialed appraisers.
 - ii. Based on the current appraiser count trends, the Board acknowledged the need for additional revenue sources during the next few years and will consider the following possibilities:
 - 1. Aggressively market the profession in high schools and colleges to encourage motivated young students to enter into the appraiser profession. Literature and presentations may be appropriate means to reach these students.
 - 2. Increase credentialing fees during the next 4-6 years.
 - 3. Establish new credential for individuals wishing to be credentialed, but do not meet the credentialing requirements for the current credentials.
 - iii. The number of temporary permits issued per year is trending upwards; the Board examined the temporary permit criteria. The Board sees this trend as a positive, but discussed the effect that it might have on the number of reciprocal appraisers credentialed in Nebraska. Also, the Board discussed its authority over individuals that obtain a temporary permit, complete a project, then the permit expires and a grievance is filed.
 - iv. Attention was brought to the ability of other states to discipline resident credential holders based on disciplinary action taken in another jurisdiction (not including suspension or revocation). The Appraiser Act may not grant the Board the same authority to take action against Nebraska resident credential holders that have disciplinary action taken against their credential in another state.
- b. Supervisor/Trainee Relationship
 - i. The Board discussed the relationship between the supervisor and trainee, and also the difference between an appraiser trainee and a Trainee Real Property Appraiser. Confusion exists between the meaning of appraiser trainee and a Trainee Real Property Appraiser. All individuals wishing to be credentialed must obtain supervised experience, but those registered as a Trainee Real Property Appraiser must meet additional statutory qualifications.
- c. Reciprocal Credential
 - i. Discussion took place regarding quality of reciprocal applicants. Board Policy 06-03 describes the standards required for a reciprocal applicant, but does not indicate the Board's expectations regarding quality. More thorough vetting is needed concerning an applicant's professional knowledge and disciplinary history.
- d. Goals and Objectives
 - i. Short Term
 - 1. Research Board's authority regarding grievances filed against a temporary permit holder, and the Board's authority regarding resident credential holders that have had disciplinary action taken against their credential in another state.
 - 2. Interpret trainee in the Appraiser Act, and establish a policy regarding trainees by August 16, 2012.
 - ii. Long Term
 - 1. Develop plan to increase the number of appraisers credentialed in Nebraska. Have plan in place by July 2014.
 - 2. Decrease length of time from when an application is received to when an applicant is approved by the Board. Have plan in place by July 2014.
 - 3. Explore additional revenue sources during next 4-6 years.

4. Trainee better defined in the Appraiser Act. Present findings to committee established for 2015 Statute changes.
 5. Develop criteria and a plan to establish the quality of reciprocal credential applicants by July 2014.
 6. Evaluate Statutes and Rules related to verifying a temporary permit applicant's current standing. Present findings to committee established for 2015 Statute changes.
3. **NEW CREDENTIAL:** Discussion took place regarding establishment of a new credential for those wishing to be credentialed, but do not meet the standards for the current credentials. The pros and cons of such a credential were discussed.
- a. Goals and Objectives
 - i. Short Term
 1. Establish criteria and build support for an associate credential, and explore possibility of mass appraisal tract.
 - ii. Long Term
 1. Incorporate new associate credential into the Appraiser Act effective January 1, 2015.

4. **APPRAISAL MANAGEMENT COMPANY REGISTRATION:** No discussion

I. EDUCATION

1. **QUALIFYING EDUCATION:** The Board discussed CAP approval for qualifying education electives, and also online qualifying education courses.
2. **CONTINUING EDUCATION:** No discussion
3. **COLLEGE LEVEL EDUCATION:** Discussion took place regarding college level education. Currently, there are very few appraiser related programs. Most of the available options are at the master's level.
4. **BOARD REPRESENTATION/OFFERINGS:** The Board discussed the pros and cons of past Ed Tours, and also discussed potential future offerings. The Board expressed concern for encroaching on private education provider's territory, but also acknowledged its duty to educate and inform the appraiser community and the general public. The Board will consider the following options:
 - a. Offering a continuing education course related to the Appraiser and AMC Act
 - b. Giving presentations regarding the Appraiser and AMC Acts during private education provider courses.
 - c. Giving presentations at conferences, for professional organizations, and at other activities as seen as appropriate.
 - d. Work with business colleges to provide information or give presentations related to the appraiser profession and becoming credentialed.
5. **EDUCATION PROCESSES AND PROCEDURES:** No discussion
6. **GOALS AND OBJECTIVES**
 - a. Increase Board's education presence throughout state by July 2014.
 - b. Develop a plan to promote appraiser profession and encourage students to consider a career as an appraiser within colleges and universities by July 2014.

J. PUBLIC INFORMATION

1. **WEBSITE:** The current state of the website was discussed. The website currently serves a functional purpose, but could be more informative and up to date. Board staff does just enough to keep the information current, but the Board does not have adequate resources to operate the website to its full potential.
2. **BOARD MEMOS:** No discussion
3. **NEWSLETTER:** A Kansas Real Estate Appraisal Board newsletter was reviewed. A discussion took place regarding the value of a Board newsletter. A newsletter could be used as another medium to get relevant and up to date information pertaining to credentialing requirements, continuing education, and enforcement to the appraiser community.
4. **FACEBOOK PAGE:** Beginning a Facebook page was discussed. A growing number of people have Facebook pages, and this could be seen as another way to reach the community. An example of the Appraisal Foundation's Facebook page was reviewed by the Board. The Facebook page may be used to provide current Nebraska Real Property Appraiser Board information easily.
5. **PUBLIC INFORMATION PROCESSES AND PROCEDURES:** No discussion
6. **GOALS AND OBJECTIVES**
 - a. Short Term
 - i. No short term goals
 - b. Long Term
 - i. Remodel the website and keep information current and relevant. Complete remodel by July 2014.
 - ii. Begin issuing a quarterly newsletter before July 2014.
 - iii. Begin operation of a Board Facebook page before July 2014.

K. ADMINISTRATION

1. **POLICIES AND PROCEDURES:** Many procedures have been developed or updated during the past four months. No further discussion took place.
2. **RETENTION SCHEDULE:** The Board's retention schedule has not been updated since 1991, or the inception of the Board. Because of much of the Board's information is not included in the current schedule, many documents have been destroyed. The Board discussed the importance of not only having a current retention schedule, but also following it.
3. **NRPAB DATABASE:** Director Kohtz provided background on the current databases and systems used to track information. Much of the Board's information is spread between a server database, Microsoft access database, excel files, and word files. The Director would like to incorporate all information for applicants, credential holders, AMCs, enforcement, education, and instructors into one database. Director Kohtz also indicated that he would like relevant reports to be extracted directly from the database. The server database is a good start, but a lot of work would still be needed. The efficiency and accuracy of the information tracked would be greatly improved with a centralized database.
4. **CREDENTIALING FEES:** Credentialing fees were reviewed by the Board. The fees will continue to be monitored, but no changes are currently required. Each resident credential holder receives the latest version of USPAP. The cost of the USPAP books have increased during the past few years, and the Board spent \$16,000.00 on these books during the current year without including shipping costs. Discussion took place regarding the best use of \$16,000.00. The Board will consider moving this money to other public information functions.
5. **APPRAISAL MANAGEMENT COMPANY FEES:** AMC credentialing fees were reviewed by the Board. The fees will continue to be monitored, but no changes are currently required.

6. STANDARD 3 COMPLIANCE REVIEW CONTRACTS AND FEES: Reviewer fees were discussed by the Board. The Board feels that the fees being offered for reviews are too low to expect quality work. The fees are far below what an appraiser would charge for an appraisal or a review. The Board feels that \$75.00 per hour for residential and multi-family properties, and \$125.00 per hour for Commercial and Agricultural properties would be more appropriate.

7. GOALS AND OBJECTIVES

a. Short Term

- i.** Continue updating processes and procedures required to carry out the Board's business in an efficient manner.
- ii.** Continue working to update retention schedule, and implement new schedule once completed.
- iii.** Establish Board's intent for providing USPAP books at no cost prior to submitting the FY 13-15 budget request.
- iv.** Standard 3 Compliance reviewer fees will be presented to the Board for a vote at the August 15, 2012 meeting.

b. Long Term

- i.** Develop and implement a database which includes all Board information by July 2015.

L. APPRAISAL SUBCOMMITTEE

- 1.** No discussion related to Appraisal Subcommittee

M. APPRAISAL FOUNDATION

- 1.** No discussion related to Appraisal Foundation

N. OTHER MATTERS

- 1. PERSONNEL:** Board discussed future personnel needs based on goals and objectives set. Additional staffing will be needed to carry out expanded compliance and expanded public information programs. A Compliance Officer is first priority, followed by a Public Information Officer, and if needed additional support staff.
- 2. OFFICE RELOCATION:** Discussion took place concerning the Board's current office. The Board voted in April to pursue a new office location based on current and future needs. The Board would like a new office to include enough room to accommodate all future staff, adequate storage space, meeting space, and if possible its own board room. Preparations will be made to move in August of 2013.
- 3. BOARD MEETING FORMAT:** The current board meeting format was discussed. Because closed session items are so thought intensive, the Board would like to move the closed session to the beginning of the meeting. Closed session will consist of a set amount of time, and if all items are not discussed the Board will reenter closed session after completing the public items on the agenda. This format will be tested at the June 21, 2012 meeting.
- 4. CONFERENCES/TRAINING:** Attending conferences and training for the next fiscal year was discussed. Director Kohtz and potentially one or more board member will attend the Fall and Spring AARO conferences. In addition, Board Member Kubert asked to attend investigator training. Any other conferences or training will be evaluated based on funds and relevancy.
- 5. BOARD IMAGE:** Director Kohtz brought attention to the Board Staff's effort to build brand awareness. The Director reported on the updated logos and using consistent colors to represent the Board. In addition, many of the applications have been remade to incorporate the Board's updated logo and colors.

6. **CLOTHING ACCOUNT:** Establishing a clothing account for board members and employees was discussed. The intent would be to provide board members and staff with clothing to wear when representing the Board. The Board agreed that a clothing allowance should be established for staff, but not for board members. The allowance should be based on what is considered to be a reasonable amount for such clothing, and will be discussed more during budget preparation.

O. FINANCIAL

1. **REVIEW OF CURRENT FISCAL YEAR:** The Board reviewed the expenses and revenues for the current fiscal year, along with the agency's twelve month and historic cash balance. Director Kohtz also provided the board members a copy of the Board's previous budget request for reference. With the implementation of the AMC Act, the Board generated much more revenue than in previous years. Expenses were consistent with previous years.
2. **FY 12-13 BUDGET:** Director Kohtz presented expense and revenue projections, along with a cash balance projection for the next fiscal year. Director Kohtz indicated that there should be some carryover from the current fiscal year, but the Board also has a large settlement expenditure for the next fiscal year. Because funds are already allocated for the next fiscal year, no special considerations were made for the FY 12-13 budget. One time projects and expenditure will be considered based on available allocations.
3. **FY 13-15 BUDGET:** Director Kohtz presented expense and revenue projections, along with a cash balance projection for the next biennium budget cycle. Discussion took place regarding available cash and the Board's objectives. Director Kohtz indicated that as many as the objectives as possible will be carried out during FY 13-15, but would like to keep general operation expenses (not including one time expenditures) near projected revenues. The majority of the objectives are one time expenditures, and the Board has enough money in the cash fund to carry out all one time objectives during the next biennial period.
4. **GOALS AND OBJECTIVES**
 - a. Short Term
 - i. No short term goals set.
 - b. Long Term
 - i. Implement the Board's objectives laid out during this meeting.

P. NEXT MEETING DATE – JUNE 21, 2012, LOWER LEVEL “F” NSOB

Q. ADJOURNMENT

Board Member Kubert moved to adjourn the meeting. Board Member Barkley seconded the motion. Motion carried with Kubert, Barkley, Woodle and Moore voting aye.

At 4:17 p.m. Chairman Moore adjourned the June 7, 2012 meeting of the Real Property Appraiser Board. The next meeting is scheduled for June 21, 2012 in Conference Room F located on the Lower level of the NSOB.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on June 20, 2012, in compliance with Nebraska Statute §84-1413(5).