

REAL PROPERTY APPRAISER BOARD
Conference Room "A", Lower Level
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE

June 12, 2013 Meeting Minutes

A. OPENING

Chairman Philip Barkley called to order the June 12, 2013 strategic planning meeting of the Nebraska Real Property Appraiser Board at 9:04 a.m., in conference room A located on the lower level of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

B. NOTICE OF MEETING

Chairman Barkley 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 10, 2013 edition of the *Lincoln Journal Star*, a legal newspaper of general circulation in this State, as required by the Open Meetings Act. 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 Philip Barkley, Tom Kubert, Marc Woodle, Eldon Terrell and Chris Langemeier were present. Also present were Director, Tyler Kohtz, Compliance and Licensing Specialist, Joya Weir, and Staff Assistant, Gail Parris.

ADOPTION OF THE AGENDA

Chairman Barkley 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 Kubert moved to adopt the Agenda as printed. Board Member Langemeier seconded the motion. With no further discussion, the motion carried with Woodle, Terrell, Langemeier, Kubert and Barkley voting aye.

C. CHAIRMAN'S STATE OF THE BOARD REPORT

Chairman Barkley thanked the board members and staff for attending the Board's second strategic planning meeting. The Chairman began by stating that timing is everything. The Board is currently made up of dedicated members and a strong staff. Chairman Barkley went on to say that the board has experienced growing pains during the past year, which is due to the progress made by the Board. Much more time and effort is put into the Board by the members, and as a result the personality of the Board has changed. Board Member Langemeier was a contributing member since his first day on the Board, Board Member Terrell is always prepared, Board Member Woodle has increased his involvement and taken on more responsibility, and Board Member Kubert is always thinking about and dedicated to the Board. Chairman Barkley also commented on the staff's contribution to the Board's success during the past year. Director Kohtz always shows his dedication to the Board, and is always challenging the Board, Compliance and Licensing Specialist Weir approaches her job enthusiastically and works very hard, Staff Assistant Parris is always prepared; she is able to anticipate the next step. Chairman Barkley indicated that the Board is at a defining moment in its history, and emphasized the importance of maintaining the momentum built during the past year. The purpose of the strategic planning meeting is to lay out what the Board would like to accomplish in the short and long term. The goals and objectives set at this meeting will be revisited by the Board on a quarterly basis during the next fiscal year to evaluate the progress.

D. DIRECTOR'S COMMENTS

Director Kohtz thanked the Board and staff for their hard work, and stated that the past year has been very successful. The Board made the transition to an efficient, knowledgeable, and proactive Board. The highlights of the past year's accomplishments include the changes to staff, obtaining funding for major projects, and beginning the process to relocate to the Executive Building. Director Kohtz went on to say that since Compliance and Licensing Specialist Weir and Staff Assistant Parris have joined the staff, efficiency and productivity has increased dramatically. In addition, the compliance program is on solid ground. The Board also has flexibility that has not been available in the past. For example, during the last week staff prepared for two meetings at the same time, and Compliance and Licensing Specialist Weir attended the 14-Hour USPAP course. The Director also indicated that the Board handled issues out of its control very well during the past year. Director Kohtz finished his comments by saying that although numerous goals were accomplished, plenty were also left on the table. Many of the goals for the next year will be continuances from this year. The 2015 law rewrite will be the primary focus of the Board during the next fiscal year; other goals include, completing the Board's relocation to the Executive Building, building stronger public awareness and continuing to become more communicative with the appraiser community, and finally, continuing to develop and document processes and procedures.

E. GENERAL PUBLIC COMMENTS

Chairman Barkley asked for any public comments. With no comments the Chair proceeded to the review of the 2013 strategic planning goals and objectives.

F. REVIEW OF 2012 STRATEGIC PLANNING GOALS AND OBJECTIVES

The Board reviewed each goal and objective set for 2012 and evaluated the progress made on each item. The following accomplishments were noted:

- To date, the ASC does not have a time frame for when the Dodd-Frank AMC Registry requirements will take effect. The Board agreed that it is the ASC's responsibility to notify the states of any changes to this status.
- The investigation logs have been redesigned and are currently in use.
- The Board has hired a Compliance and Licensing Specialist to help conduct investigations and administer the licensing program.
- The Director researched the Board's authority regarding grievances filed against temporary permit holders and resident credential holders that have had disciplinary action taken against a credential in another jurisdiction. The Board currently does not have authority over those that held temporary permits that have expired, and the Board has limited options to address a resident credential holder that has had disciplinary action taken by another jurisdiction. Director Kohtz is considering this research while working on the 2015 law rewrite.
- The Board had numerous discussions regarding the definition of "Trainee" vs. "trainee" during the past year. No action was taken by the Board regarding this matter. The Board will continue to evaluate the definition of "Trainee" vs. "trainee" during the next year.
- The Board held discussions regarding the distribution of USPAP books to Nebraska resident appraisers, and agreed to continue offering the latest edition of USPAP to resident appraisers at no cost.
- The Board evaluated and set new Standard 3 review fees.
- The board meeting format was changed to discuss closed session items at the beginning of each meeting while board members and staff are fresh. This change has been well received by board members and staff.
- Director Kohtz, and Board Members Barkley, Kubert and Moore attended the fall AARO Conference. The Board gained a broader prospective on issues it is dealing with in Nebraska. Board Member Kubert and Compliance and Licensing Specialist Weir will be attending the Appraisal Foundation's Investigator I and Investigator II training sessions during the next year.
- A promotional clothing allowance was established for board staff.

Break from 10:07 a.m. to 10:17 a.m.

G. LEGISLATIVE

1. **REAL PROPERTY APPRAISER ACT:** Discussion took place regarding the following items:
 - a. Incorporation of the new Associate Credential into the Act.
 - b. Board member per diem payments and the need to have an annual cap on the amount.
 - c. General maintenance changes need to be made to the Act.
 - d. The procedure for drafting and evaluating changes to the Act.
 - e. The procedure and time frame for getting bills drafted and getting bills introduced by Senator McCoy.
2. **APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT:** Discussion took place regarding the following items:
 - a. General maintenance changes will be drafted at the same time as the changes to the Real Property Appraiser Act, and the same procedures and time frames will be applied.
3. **TITLE 297:** No discussion took place.
4. **TITLE 298:** Rules will be updated within six months after the Real Property Appraiser Act and the Appraiser Management Company Registration Act changes become effective. A table of contents for the Rules and Regulations will be created during this time.
5. **GOALS AND OBJECTIVES:**
 - a. Short Term
 - Update the Real Property Appraiser Act and AMC Registration Act. Provide first draft to board members for review in July 2013, hold discussion and make revisions at August board meeting, have legislative bills drafted at the beginning of September, Law Review Committee meeting held mid-September, committee review period from mid-September to mid-October, Law Review Committee final meeting held mid-October, provide updated drafts to Board mid/late October, hold discussion and make final revisions at November board meeting, have legislative bills updated and provided to Senator McCoy in early December for introduction.
 - Form law review committee for changes to the Real Property Appraiser Act and Appraisal Management Company Registration Act in August 2013. Committee makeup to include the Board's director and compliance and licensing specialist, two present board members, an education representative, banking representative, Nebraska county representative, an Appraisal Institute representative, and three independent appraisers. Committee holds initial meeting in mid-September 2013 and final review meeting during mid-October 2013.
 - b. Long Term
 - Update Title 298 within six months of Act changes being approved.
 - Create table of contents for Rules and Regulations.

H. COMPLIANCE

1. **ENFORCEMENT PROGRAM PROCEDURES:** Discussion took place regarding the following items:
 - a. Standard 3 review results and reviewers. Concern was brought up regarding the level of scrutiny found in Standard 3 reviews, and also the lack of objectivity found in some reports.
 - b. Direction of the compliance program. Ultimately, the Board would like to remove itself from the investigative process, and would like Compliance and Licensing Specialist Weir to learn more about the appraisal process to become a complete investigator. This would result in a more detailed, timely, and consistent investigation.

- c. Investigation standards and procedures. The Board would like to have a standard procedure in place to develop constancy regarding how it addresses similar matters. For example, how should a supervisor be incorporated into the process if an applicant or trainee is in violation of the Real Property Appraiser Act?

2. REAL PROPERTY APPRAISER ACT: No discussion.

3. APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT: No discussion.

4. GOALS AND OBJECTIVES

a. Short Term

- Establish investigation standards and procedures to address matters constantly.
- Redefine "Scope of Service" in Standard 3 review appraisal engagement letter to clarify the purpose of the review.
- Develop Standard 3 reviewer program, which will include a training course and screening process.

b. Long Term

- Obtain proper staffing and resources to remove board members from the investigative process.

Break from 12:03 p.m. to 12:10 p.m.

I. CREDENTIALING AND REGISTRATION

1. CREDENTIALING PROCESSES AND PROCEDURES: Discussion took place regarding the following items:

- a. Standards and procedures for applicant appraisal report review and advisory meetings. The Board has moved to an educational approach to the credentialing process and would like guidelines to address the detail of applicant appraisal report reviews, when to discuss the results of a Standard 3 review with the applicant, and what are the expectations and goals for advisory meetings.

2. CURRENT CREDENTIALS: Discussion took place regarding the following items:

a. Certified General, Certified Residential, Licensed, Registered

- The Board reviewed appraiser count projections for the next two fiscal years. The number of reciprocal credentials appears to be on the rise, while the number of resident credential holders will remain steady to declining slightly. The average age of an appraiser, along with the relatively small number of applicants, is still a concern of the Board that must be addressed. Director Kohtz indicated that reaching out to colleges and universities and building awareness of the profession are important steps to building a strong appraiser base in Nebraska.
- The number of temporary permits issued per year continues to trend upwards. A number of regular temporary permit holders have obtained reciprocal credentialing, but the number of temporary permits issued continues to grow each year.

b. Supervisor/Trainee Relationship

- 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**

- Discussion took place regarding quality of reciprocal applicants. The primary concern is that the ASC Policy Statements encourage an open door policy, but does not address the quality of an appraiser applying for a reciprocal credential. The Board discussed the importance of maintaining authority over reciprocal applicants and credential holders, while adhering to the ASC Policy Statements at the same time. The 2015 law rewrite will remove the continuing education exemption from reciprocal credential holders, and Board discussed the possibility of requiring Standard 3 reviews for reciprocal credential holders. The goal would be to bridge any gaps between resident and reciprocal credential holders making them statutorily equal. During the conversation, the Board acknowledged the important contribution that reciprocal applicants make to the Board's revenues, so the Board must weigh the pro and cons of any drastic changes.

3. **ASSOCIATE CREDENTIAL:** Discussion took place regarding establishment of the Associate Credential. The Board intends to include this new credential in the 2015 law rewrite.

4. **APPRAISAL MANAGEMENT COMPANY REGISTRATION:** Discussion took place concerning AMC renewals. Compliance and Licensing Specialist Weir indicated that the renewal application is complete and ready for Board review, and that the processes and procedures are being drafted. The first renewal letters will be deployed in September of 2013.

5. **GOALS AND OBJECTIVES**

a. **Short Term**

- Develop plan to increase the number of appraisers credentialed in Nebraska.
- Develop guidelines for applicant appraisal report review and advisory meetings.
- Decrease length of time from when an application is received to when an applicant is approved by the Board.
- Develop criteria and a plan to establish the quality of reciprocal credential applicants.
- Develop and incorporate new associate credential into the Appraiser Act.
- Complete procedures and application for AMC renewals.
- Define Trainee vs. trainee and requirements for each.

b. **Long Term**

- Explore additional revenue sources during next 4-6 years

J. **EDUCATION**

1. **QUALIFYING EDUCATION:** No discussion.

2. **CONTINUING EDUCATION:** No discussion.

3. **COLLEGE LEVEL EDUCATION:** No discussion.

4. **BOARD REPRESENTATION/OFFERINGS:** The Board discussed the pros and cons of offering a continuing education activity concerning the Real Property Appraiser Act and the Appraisal Management Company Registration Act. 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.

5. EDUCATION PROCESSES AND PROCEDURES: Compliance and Licensing Specialist Weir gave a short presentation on restructuring the education course numbering system. This is a small project incorporated into the larger project of developing education processes and procedures. The current structure makes it difficult for staff to keep track of continuing education activity information. The Board acknowledged concerns regarding the proposed numbering structure. Specifically, concern that an appraiser may be confused by what course he or she may be able to take for continuing education. Renumbering courses may result in an appraiser taking a similar course in consecutive years because the course has both an old and a new number. Director Kohtz and Compliance and Licensing Specialist Weir indicated that this will be taken into consideration when developing the new course number system.

6. GOALS AND OBJECTIVES

a. Short Term

- Increase Board's education presence throughout state.
- Develop education course evaluation processes and procedures, and consider new numbering system. Incorporate provider feedback into processes and procedures as developed.

b. Long Term

- Develop content, plan, and delivery method for an NRPAB continuing education activity covering appraiser and AMC laws.

K. PUBLIC INFORMATION

1. WEBSITE: No discussion.

2. BOARD MEMOS: No discussion

3. NEWSLETTER: Director Kohtz and Staff Assistant Parris updated the Board on the plans to launch a quarterly newsletter. The Board expressed concern with the amount of work required by board members, the amount of information appraisers may be receiving from the Board, and if appraisers would even read the newsletter. The Board indicated that it is very pleased with the Memo from the Board, and would like to continue releasing memos as it has during the past year. The Board feels that the memos provide valuable information to appraisers without overwhelming them. Director Kohtz indicated that staff will no longer work on creating a newsletter, but will focus on releasing Memos from the Board.

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 appraiser community. The purpose of the Facebook page would be to provide current Nebraska Real Property Appraiser Board information easily and quickly. The Board agreed that a Facebook page would be beneficial, but that it is important that the state guidelines are followed.

5. PUBLIC INFORMATION PROCESSES AND PROCEDURES: No discussion

6. GOALS AND OBJECTIVES

a. Short Term

- Begin operation of a Board Facebook page.

b. Long Term

- Remodel the website to make it more functional and organized.
- Develop a plan to promote appraiser profession and encourage students to consider a career as an appraiser within colleges and universities.

Break from 1:37 p.m. to 1:47 p.m.

L. ADMINISTRATION

- 1. POLICIES AND PROCEDURES:** Many procedures have been developed or updated during the past year and board staff will continue to work on processes and procedures.
- 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. Director Kohtz informed the Board that there are no immediate plans to update the retention schedule, but it will be updated once the time and resources are available.
- 3. NRPAB DATABASE:** Director Kohtz summarized the progress updating the NRPAB Database. Additional funding was secured for FY 2013-14 specifically for this project, so Director Kohtz anticipates completion of this project during the next fiscal year.
- 4. CREDENTIALING FEES:** No discussion.
- 5. APPRAISAL MANAGEMENT COMPANY FEES:** No discussion.
- 6. STANDARD 3 COMPLIANCE REVIEW CONTRACTS AND FEES:** Reviewer fees were discussed throughout the previous year, so no discussion was needed for planning purposes.
- 7. GOALS AND OBJECTIVES**
 - a. Short Term**
 - Continue to develop NRPAB database which includes all Board information.
 - Continue updating process and procedures required to carry out the Board's business in an efficient manner.
 - Continue working to update retention schedule and implement new schedule once completed.
 - b. Long Term**
 - No long term goals.

M. APPRAISAL SUBCOMMITTEE

1. No discussion related to Appraisal Subcommittee

N. APPRAISAL FOUNDATION

1. No discussion related to Appraisal Foundation

O. OTHER MATTERS

- 1. PERSONNEL:** Board discussed future personnel needs based on goals and objectives set, and will continue to advance the investigative capacity of the Compliance and Licensing Specialist position. Once adequate knowledge and experience is achieved according to the Board, implement plan to reclassify Compliance and Licensing Specialist position to a "Rules Employee" with a Compliance and Licensing Assistant under his or her direction, or shift all responsibilities but investigative responsibilities to a newly created "Licensing Specialist," resulting in a revised "Compliance Specialist" position, which may or may not be reclassified.
- 2. OFFICE RELOCATION:** The Board has been offered approximately 1,400 square feet on the fifth floor of the Executive Building. The anticipated move date is December 2013.

3. **BOARD MEETING FORMAT:** A discussion took place regarding the Board Meeting Packet. The Board feels that the packet can be modified to help make it easier on board members during review for the meeting. Director Kohtz was asked to separate compliance and create separate sub-sections for each investigation, so that board members can choose which investigations he or she would like to review prior to each meeting. The current board packet will be modified to reduce the size, which includes removing compliance from the main packet and creating separate sub-packets for each investigation.
4. **CONFERENCES/TRAINING:** Director Kohtz asked if there should be any changes to the plan for conferences and training during the next fiscal year. No discussion took place; the Board will follow the same plan. Director Kohtz and potentially one or more board member will attend the Fall and Spring AARO conferences. In addition, Board Member Kubert and Compliance and Licensing Specialist Weir will attend investigator training. Any other conferences or training will be evaluated based on funds and relevancy.

P. 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.
2. **FY 13-14 BUDGET:** Director Kohtz presented expense and revenue projections, along with a cash balance projection for the next fiscal year. No additional discussion took place.

P. NEXT MEETING DATE – JUNE 20, 2013, LOWER LEVEL “C” NSOB

Q. ADJOURNMENT

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

At 2:50 p.m. Chairman Barkley adjourned the June 12, 2013 strategic planning meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on June 19, 2013, in compliance with Nebraska Statute §84-1413(5).