

**NEBRASKA REAL PROPERTY APPRAISER BOARD
CONFERENCE ROOM "C", LOWER LEVEL
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE**

July 17, 2014 Meeting Minutes

A. OPENING

Chairman Philip Barkley called to order the July 17, 2014 meeting of the Nebraska Real Property Appraiser Board at 9:00 a.m., in conference room "C" 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 July 15, 2014 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, Larry Saxton, Marc Woodle, and Chris Langemeier were present. Also present were Director, Tyler Kohtz, Compliance and Education Specialist, Anthony Dreesen, and Business and Licensing Specialist, Natasha Olsen.

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 Saxton, Woodle, Langemeier, Kubert and Barkley voting aye.

The Nebraska Real Property Appraiser Board will meet in executive session for approval of applicants and enforcement matters.

Board Member Kubert moved that the Board go into executive session for the purpose of reviewing applicants for credentialing, applicants for appraisal management company registration, investigations, and other sensitive matters. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. The time on the meeting clock was 9:02 a.m. Board Member Saxton seconded the motion. The motion carried with Kubert, Woodle, Langemeier, Saxton and Barkley voting aye.

Break from 10:15 a.m. to 10:31 a.m.

William G. Blake appeared before the Board

Board Member Kubert moved to come out of executive session at 10:55 a.m. Board Member Langemeier seconded the motion. The motion carried with Saxton, Langemeier, Woodle, Kubert and Barkley voting aye.

NICHOLAS DIZONA APPEARANCE – 10:55 AM

Nicholas Dizona appeared before the Board. William G. Blake, who was representing the Board, asked Mr. Dizona if he understood his request to appear before the Board, his due process rights, and that the Board is final judgment for such matters. Mr. Dizona indicated that he understood.

Board Member Kubert moved that the Board go into executive session for the purpose of reviewing applicants for credentialing, applicants for appraisal management company registration, investigations, and other sensitive matters. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. The time on the meeting clock was 11:02 a.m. Board Member Woodle seconded the motion. The motion carried with Langemeier, Saxton, Woodle, Kubert and Barkley voting aye.

Nicholas Dizona appeared before the Board

Board Member Kubert moved to come out of executive session at 12:08 p.m. Board Member Langemeier seconded the motion. The motion carried with Saxton, Woodle, Langemeier, Kubert and Barkley voting aye.

Break from 12:08 p.m. to 12:21 p.m.

G. WELCOME AND CHAIR'S REMARKS

Chairman Barkley welcomed the general public, board members and staff.

H. BOARD MEETING MINUTES

1. APPROVAL OF JUNE 18, 2014 MEETING MINUTES

Chairman Barkley asked for any additions or corrections to the June 18, 2014 minutes. There was no discussion.

2. APPROVAL OF JUNE 19, 2014 MEETING MINUTES

Chairman Barkley asked for any additions or corrections to the June 19, 2014 minutes. Board Member Kubert brought attention to the action for credentialing applicant CR13009 under Section C on Page 7, and indicated that the action should state "of completion of education" instead of "of denial" at the end of the first sentence. Member Kubert also stated that the applicant number in the final item under Section F on Page 10 should be "L14001," and not "CR14006." Director Kohtz informed the Board that these corrections will be made to the minutes.

Board Member Kubert moved to adopt the June 18, 2014 meeting minutes as presented, and the June 19, 2014 meeting minutes as amended. Board Member Woodle seconded the motion. The motion carried with Saxton, Woodle, Kubert, Langemeier and Barkley voting aye.

I. DIRECTOR'S REPORT

Director Kohtz presented nine charts outlining the number of appraisers and AMCs as of July 17, 2014, and brought attention to the omission of the resident and reciprocal appraiser charts. The Director summarized each chart and reported the number of appraisers as follows: 76 total Licensed; 223 total Certified Residential; 394 total Certified General; and 5 Registered for a total of 698 appraisers. The total number of appraisers is up 5 from June, and up 9 from August 2013. The Director also informed the Board that there are 52 Trainees, which is up 3 from June, and up 44 from July 2013.

In addition, the Director addressed the number of temporary permits issued. There were 4 permits issued in June compared to 7 permits issued in May. As of June 30, 2014, 44 temporary permits have been issued for the calendar year. Finally, Director Kohtz reported 109 AMCs registered, and one new AMC applications has been submitted since the last meeting.

The Director finished the report by providing an update regarding the Board's relocation plans. Director Kohtz indicated that he received a response from DAS Buildings Division yesterday, and the plan is back in place for the Board to relocate to the first floor of the State Office Building. He will be contacted by the Planning Department during the next few weeks to start working on the layout.

J. FINANCIAL REPORT – JULY 2014

Director Kohtz summarized the expenditures and revenues for the fiscal year end, which ended with \$342,791.32 in expenditures and \$390,350.00 in receivables. As of the end of June, expenses amount to 84 percent of the budgeted expenditures for the fiscal year. Director Kohtz also noted that revenues finished at 100.15 percent of the budgeted revenues for the fiscal year.

The receipts and expenditures for June were reviewed by the Director by line item with the Board. Director Kohtz provided details related to some specific June expenses. Director Kohtz noted an accounting error that will be corrected. An expense for "AS CIO – Communications" was listed under account code "521500," but should be listed under account code "521200" as a voice communication expense. For the Real Property Appraiser Program, which includes both the appraiser fund and the AMC fund, a total of \$25,621.77 in expenditures and \$8,665.32 in revenues were reported. Finally, Director Kohtz presented three charts outlining the Agency twelve month expenses and revenues, historic cash balance, and twelve month cash balance.

Board Member Kubert moved to accept and file the June 2014 budget reports for audit. Board Member Saxton seconded the motion. The motion carried with Woodle, Langemeier, Kubert, Saxton and Barkley voting aye.

At its strategic planning meeting in June, the Board requested that Director Kohtz research the effects that a possible renewal fee reduction may have on revenue projections. The Director presented four charts to the Board for review. Each chart outlined projected revenues with renewal fees set at \$295, \$275, and \$250. A discussion took place concerning the positives and negatives of each level of reduction. Board Member Saxton expressed concern that an increase in review costs may require additional revenues in the future. Director Kohtz informed Board Member Saxton that he took operational costs increases, such as reviewer costs, into account when developing the projections. The Director informed the Board that he is comfortable with any reduction down to \$250. Board Member Langemeier asked how those that renew for two years will be affected by a renewal fee change. Director Kohtz conceded that he has not put thought into the effect that the reduction may have on those in the middle of a two year renewal. Board Member Langemeier added that it may be more costly to refund these individuals compared to delaying the fee reduction by one year. Director Kohtz agreed with Board Member Langemeier's assessment. Board Member Kubert made a motion to reduce the real property appraiser one year renewal fee to \$275 effective for the January 1, 2016 renewal. The motion was seconded by Saxton, and carried with Woodle, Langemeier, Saxton, Kubert and Barkley voting aye.

K. GENERAL PUBLIC COMMENTS

Chairman Barkley asked for any public comments. With no comments, the Chairman proceeded to education.

L. EDUCATION

Board Member Kubert moved to approve the following education and instructor requests as listed:

New Continuing Education Requests

1. International Association of Assessing Offices
 - a. The Appraisal of Land (C21417) /30 Hours
 1. John Ulibarri
2. Appraisal Institute
 - a. Online General Appraiser Market Analysis And Highest & Best Use (C21422-I) /28 hours
 1. David Lenhoff
 - b. Advanced Spreadsheet Modeling for Valuation Applications (C21423) /14 Hours
 1. Kenneth Alford
 - c. Application & Interpretation of Simple Linear Regression (C21424) /14 Hours
 1. Kenneth Alford
 - d. Residential Applications – Using Technology to Measure Support Assignment Results (C21425) /7 Hours
 1. Kenneth Alford
 - e. Residential Applications 2 (C21426) /7 Hours
 1. Kenneth Alford
 - f. Using Spreadsheet Programs in Real Estate Appraisal (C21427-I) /7 Hours
 1. Jim Amarin
 - g. Quantitative Analysis – Synchronous (C21432-I) /32 Hours
 1. Tom Hamilton
3. McKissock, LP
 - a. Understanding Residential Construction (C21428-I) /7 Hours
 1. Alan Simmons
 - b. Reviewer's Checklist (C21429-I) /4 Hours
 1. Dan Bradley
4. International Right of Way Association
 - a. US Land Titles (C21430) /15 Hours
 1. Raymond Howd

Continuing Education Renewal Requests

1. McKissock, LP
 - a. Appraising FHA Today (C9921-I) / 7 Hours
 1. Dan Bradley
2. Appraisal Institute
 - a. Advanced Internet Search Strategies (C2938-I) / 7 Hours
 1. Jim Amarin

- b. Online Data Verification Methods (C2939-I) / 5 Hours
 1. Alan Simmons

Seconded by Saxton. Chairman Barkley called for the vote. The motion carried with Langemeier, Woodle, Kubert, Saxton and Barkley voting aye.

M. UNFINISHED BUSINESS

1. **COUNTY APPRAISER CONTRACTS UPDATE:** No update.
2. **OPEN 3RD CONGRESSIONAL DISTRICT CERTIFIED REAL PROPERTY APPRAISER REPRESENTATIVE POSITION:** No update.
3. **REQUIREMENTS FOR QUALIFYING EDUCATION COMPLETED IN ANOTHER JURISDICTION:** Compliance and Education Specialist Dreesen provided a report to the Board concerning AQB approval requirements for qualifying education in other jurisdictions. Mr. Dreesen reported that Missouri and Iowa requires all qualifying education to be AQB approved; Kansas does not, but all qualifying education is AQB approved; South Dakota and Montana have no such requirements; Georgia has partial requirements; and qualifying education courses in Illinois must be AQB approved or approved by the State. The Board had a brief discussion regarding this report and concluded that all qualifying education completed in another jurisdiction must meet the standards in place for qualifying education to be approved by the Nebraska Board; all qualifying education submitted to the Board for consideration for credentialing must be AQB approved according to Title 298 and the Board's policies. Director Kohtz was asked to put this on the 2015 strategic planning agenda for evaluation.

N. NEW BUSINESS

1. **2015 ASC AUDIT SCHEDULE:** Director Kohtz informed the Board that the Appraisal Subcommittee plans to perform its 2015 compliance review July 15-17. Chairman Barkley asked Director Kohtz if staff has any issues with these dates. Director Kohtz responded that there are no concerns with the specified dates. Board Member Kubert asked if it would be possible for the compliance review to take place in August of 2015. Director Kohtz informed the Board that he will inquire about this and provide an update once a response is received from the Appraisal Subcommittee.
2. **APPLIED MEASUREMENT PROFESSIONALS CHANGE IN COMMUNICATIONS:** Director Kohtz provided a letter from Applied Measurement Professionals outlining changes to its communication structure. The Director informed the Board that these changes will have no impact on its relationship with, or the services provided by, Applied Measurement Professionals. No action was taken.
3. **NRPAB DATABASE OPTIONS:** Director Kohtz informed the Board that he met with Juli Jurgens and Tod Wyrick with CIO regarding the state of the NRPAB Database projects. The Director expressed his displeasure with the progress made during the past year, and informed CIO that the agency was looking at other options to develop a functional database. Ms. Jurgens and Mr. Wyrick were apologetic for the lack of progress, and explained that staffing issues prevented them from making much progress during the past year. CIO offered to assign a Software Architect to the NRPAB Database to complete the remaining projects. Ms. Jurgens indicated that the remaining projects should be completed by October once work begins again. Director Kohtz indicated that it appears CIO has taken the Board's concerns seriously, and is taking positive steps to rectify this situation. The Director recommended that the Board make no changes to its current database plans. The Board agreed; no action taken.

O. LEGISLATIVE REPORT AND BUSINESS

1. **LR499:** Director Kohtz informed the Board that Bill Marienau has completed the first draft of the follow up to LB685. The Director will be working with Mr. Marienau on this draft during the next month, and anticipates having a draft ready for Board review in September.
2. **TITLE 298:** No update.

P. BOARD POLICIES AND PROCEDURES

1. BOARD POLICIES

- a. **Current Board Policies:** No discussion.
- b. **New Board Polices:** The Board reviewed drafted Board Policies 14-03 concerning supervisory appraiser notification of appraisal report found to not be in substantial compliance with USPAP, and 14-04 concerning credentialing applicant advisory meeting information. Director Kohtz informed the Board that after discussions with Chairman Barkley and Vice-Chairman Kubert, the language “not be in substantial compliance with USPAP” will be replaced with “contain USPAP deficiencies” in the first sentence. The Board agreed with this change. There was no discussion pertaining to drafted Board Policy 14-04. Board Member Kubert made a motion to approve Board Policy 14-03 as amended, and Board Policy 14-04 as presented. The motion was seconded by Woodle, and carried with Saxton, Langemeier, Woodle, Kubert and Barkley voting aye.

2. APPRAISER FORMS AND PROCEDURES

- a. **Real Property Appraiser Pocket Card Revision:** Director Kohtz presented a draft of the updated Real Property Appraiser Pocket Card to the Board for review. Board Member Langemeier asked that the font size be reduced in the fees section of the pocket card to minimize the significance compared to the other information on the pocket card. Director Kohtz indicated that this change will be made. Board Member Kubert made a motion to approve the updated Real Property Appraiser Pocket Card as amended. The motion was seconded by Langemeier, and carried with Woodle, Langemeier, Saxton, Kubert and Barkley voting aye.

3. EDUCATION FORMS AND PROCEDURES

- a. **7-Hour Supervisory Appraiser and Trainee Course:** Director Kohtz presented a draft of the Guidelines for the 7-Hour Supervisory Appraiser and Trainee Course to the Board for review. After a brief discussion, the Board asked Director Kohtz to forward the guidelines to Nebraska education providers for comment prior to the Board taking any action on the guidelines.

Break from 1:30 p.m. to 1:40 p.m.

Q. OTHER BUSINESS

1. **BOARD MEETINGS:** No discussion.

2. CONFERENCES/EDUCATION

- a. **CLEAR Basic National Certified Investigator and Instructor Training:** Director Kohtz presented the CLEAR Basic National Certified Investigator and Instructor Training course to the Board for consideration of approval of attendance for staff. The Director summarized the course content and described the benefits of attending such of a course. Director Kohtz indicated that he would like for the Compliance and Education specialist to attend The Appraisal Foundation's Investigator I training, but the course has already been offered for this year. The Director expressed the importance of developing a foundation in administrative law and the investigative process to be successful in a compliance position. Chairman Barkley indicated that he would like to see each staff member attend the 15-Hour USPAP course prior to attending a regulatory training course. Business and Education Specialist Olsen indicated that the next USPAP course is held in September. Chairman Barkley asked if there would be benefit for the Business and Licensing Specialist to attend as well. Director Kohtz responded that developing an understanding of administrative law application would help with the licensing side of the job. Board Member Kubert made a motion to approve attendance of the CLEAR NCIT Basic Training, and the 15-Hour USPAP course as available, for two staff. The motion was seconded by Woodle, and carried with Saxton, Langemeier, Woodle, Kubert and Barkley voting aye.

3. **MEMOS FROM THE BOARD:** A discussion took place regarding a Memo From the Board concerning the USPAP requirement for an appraiser to disclose a relationship when offering appraisal services. The Board asked Director Kohtz to make an inquiry to USPAP instructors regarding the USPAP language, and to learn what the Banking Commission considers for an appraiser to disclose a relationship.

Board Member Kubert moved that the Board go back into executive session for the purpose of reviewing applicants for credentialing, applicants for appraisal management company registration, investigations, and other sensitive matters. The time on the meeting clock was 2:05 p.m. Board Member Saxton seconded the motion. The motion carried with Woodle, Langemeier, Kubert, Saxton and Barkley voting aye.

Board Member Kubert moved to come out of executive session at 3:08 p.m. Board Member Woodle seconded the motion. The motion carried with Saxton, Langemeier, Woodle, Kubert and Barkley voting aye.

C. CONSIDERATION OF APPLICANTS AS NEBRASKA REAL PROPERTY APPRAISER:

Board Member Kubert moved to take the following actions for applicants as listed:

T14022 / Approve as Trainee Real Property Appraiser.

L14003 / Approve to sit for exam; select and send two reports for review.

L13002 / Hold

CR13014 / Hold

CG14001 / Request applicant to complete ASFMRA Course 304, successfully pass examination, and submit first agricultural appraisal report completed after course.

CG14006R / Hold

CR14006 / Request applicant to complete a 15-Hour Advanced Applications and Case Studies course, successfully pass examination, and submit a new 2-4 unit residential property appraisal report completed after course for review. Applicant pay \$550 for cost of Standard 3 review.

CG14011 / Request applicant to complete ASFMRA Course 304, successfully pass examination, and submit first agricultural appraisal report completed after course for review. Applicant pay \$750 for cost of Standard 3 review. Send advisory letter concerning use of titles and application of signature.

CG14008 / Hold

CG14010 / Hold; send advisory letter to take notice of USPAP disclosure language.

CG14014 / Hold

CR14014 / Hold

CG14015 / Hold

CR14011 / Hold

Board Member Woodle seconded the motion. Motion carried with Saxton, Langemeier, Woodle, Kubert and Barkley voting aye.

D. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY:

Board Member Kubert moved to take the following action for the AMC applicant as listed:

NE2013016 / Deny

Board Member Saxton seconded the motion. Motion carried with Woodle, Langemeier, Kubert, Saxton and Barkley voting aye.

E. CONSIDERATION OF DISCIPLINARY ACTIONS/ ENFORCEMENT MATTERS:

Vice Chair Kubert moved to take the following enforcement actions:

12-11 / Hold

13-06 / Close

13-09 / Close

13-14 / Send appraisal reports and workfiles for Standard 3 review.

13-15 / Send appraisal reports and workfiles for Standard 3 review.

Board Member Langemeier seconded the motion. Motion carried with Saxton, Woodle, Kubert, Langemeier and Barkley voting aye.

Vice Chair Kubert moved to take the following enforcement actions:

13-10 / Close

13-13 / Hold

13-23 / Hold

13-24 / Extend Consent Agreement education deadline to October 20, 2014.

13-25 / Extend Consent Agreement education deadline to October 20, 2014.

13-26 / Hold

14-15 / Offer Consent Agreement requiring Respondent to complete and successfully pass examination for a 15-Hour USPAP course and a 15-Hour Residential Report Writing course. Respondent shall pay \$750.00 for costs associated with investigation within 60 days of execution of agreement, and submit a quarterly log for one year. No more than three reports in total shall be selected for review from the submitted quarterly logs, and Respondent shall be responsible for any costs associated with any appraisal reports selected from the logs and sent for Standard 3 review; all submissions must be compliant with Nebraska law and the current edition of USPAP.

- 14-16 / Hold**
- 14-17 / Hold**
- 14-18 / Hold**
- 14-19 / Hold**
- 14-20 / Hold**
- 14-29 / Send appraisal report and workfile for Standard 3 review.**

Board Member Saxton seconded the motion. Motion carried with Kubert, Woodle, Langemeier and Saxton voting aye. Barkley abstained.

Board Member Woodle moved to take the following enforcement actions:

- 12-24 / Hold**
- 12-29 / Hold**
- 13-18 / Hold**
- 13-19 / Hold**
- 14-22 / Send copy of redacted Standard 3 review and associated appraisal report, request a written response to Standard 3 review within 10 days, and invite to informal meeting.**
- 14-23 / Send copy of redacted Standard 3 review and associated appraisal report, request a written response to Standard 3 review within 10 days, and invite to informal meeting.**
- 14-24 / Send copy of redacted Standard 3 review and associated appraisal report, request a written response to Standard 3 review within 10 days, and invite to informal meeting.**
- 14-25 / Hold**
- 14-26 / Send copy of redacted Standard 3 review and associated appraisal report, request a written response to Standard 3 review within 10 days, and invite to informal meeting.**
- 14-27 / Send copy of redacted Standard 3 review and associated appraisal report, request a written response to Standard 3 review within 10 days, and invite to informal meeting.**

Board Member Saxton seconded the motion. Motion carried with Langemeier, Woodle, Saxton and Barkley voting aye. Kubert abstained.

Vice Chair Kubert moved to take the following enforcement actions:

- 13-21 / Hold**

Board Member Langemeier seconded the motion. Motion carried with Saxton, Langemeier, Kubert and Barkley voting aye. Woodle abstained.

Vice Chair Kubert moved to take the following enforcement actions:

- 14-11 / Invite to informal meeting.**

Board Member Woodle seconded the motion. Motion carried with Saxton, Woodle, Kubert and Barkley voting aye. Langemeier abstained.

Vice Chair Kubert moved to take the following enforcement actions:

14-28 / Dismiss without prejudice; send advisory letter.

Board Member Langemeier seconded the motion. Motion carried with Woodle, Kubert, Langemeier and Barkley voting aye. Saxton abstained.

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS:

Appraisal reports submitted to the Board for verification of experience by applicants for credentialing were discussed by the Board. The appraisal reports were found to contain USPAP deficiencies during Standard 3 review process, and the Board agreed to open an inquiry for each supervisory appraiser to gather more information concerning the subject appraisal reports and associated Standard 3 reviews. Inquiry numbers I14-17, I14-18, I14-19, I14-20, and I14-21 were assigned.

Personnel matters were discussed.

Vice Chair Kubert moved to take the following actions for other executive session items:

- I13-4 / Hold**
- I14-9 / Hold**
- I14-14 / Hold**
- I14-15 / Hold**
- I14-16 / Hold**
- I14-17 / Open inquiry; send redacted copy of Standard 3 review(s) and request written response within 10 days.**
- I14-18 / Open inquiry; send redacted copy of Standard 3 review(s) and request written response within 10 days.**
- I14-19 / Open inquiry; send redacted copy of Standard 3 review(s) and request written response within 10 days.**
- I14-20 / Open inquiry; send redacted copy of Standard 3 review(s) and request written response within 10 days.**
- I14-21 / Open inquiry; send redacted copy of Standard 3 review(s) and request written response within 10 days.**

Board Member Langemeier seconded the motion. Motion carried with Saxton, Woodle, Kubert, Langemeier and Barkley voting aye.

Vice Chair Kubert moved to increase the Director's compensation 5%, retroactive to July 1, 2014. Seconded by Saxton. The motion carried with Woodle, Langemeier, Saxton, Kubert and Barkley voting aye.

R. ADJOURNMENT

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

At 3:27 p.m. Chairman Barkley adjourned the July 17, 2014 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on July 28, 2014, in compliance with Nebraska Statute §84-1413 (5).