

**NEBRASKA REAL PROPERTY APPRAISER BOARD
NRPAB OFFICE MEETING ROOM, FIRST FLOOR
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE**

May 19, 2016 Meeting Minutes

Swearing in of new Board Member David Bloxham took place prior to the start of the meeting.

A. OPENING

Chairman Marc Woodle called to order the May 19, 2016 meeting of the Nebraska Real Property Appraiser Board at 9:02 a.m., in the Nebraska Real Property Appraiser Board meeting room located on the first floor of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

B. NOTICE OF MEETING

Chairman Woodle 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 May 16, 2016 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 Marc Woodle, Christopher Langemeier, Sandra Gutwein, Benjamin Hynek, and David Bloxham were present. Also present were Director, Tyler Kohtz, Compliance and Education Specialist, Grant Krieger, and Business and Licensing Specialist, John Brady.

ADOPTION OF THE AGENDA

Chairman Woodle 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 Langemeier moved to adopt the agenda as printed. Board Member Hynek seconded the motion. With no further discussion, the motion carried with Hynek, Woodle, Gutwein, Langemeier, and Bloxham voting aye.

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

Board Member Langemeier 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. Board Member Gutwein opposed the motion, citing that the reason for entering closed session was not stated. Chairman Woodle asked for a second. Board Member Hynek seconded the motion. The time on the meeting clock was 9:04 a.m. The motion carried with Langemeier, Hynek, Bloxham and Woodle voting aye; Gutwein voting nay.

Break from 9:42 a.m. to 9:52 a.m.

William G. Blake appeared before the Board at 9:52 a.m.

Break from 10:02 a.m. to 10:11 a.m.

Board Member Langemeier moved to come out of executive session at 10:19 a.m. Board Member Bloxham seconded the motion. The motion carried with Woodle, Gutwein, Langemeier, Hynek, and Bloxham voting aye.

Break from 10:19 a.m. to 10:58 a.m.

G. WELCOME AND CHAIR'S REMARKS

Chairman Woodle welcomed all. Diane Moore, William Blake, and Robin Kilgore were members of the public in attendance.

H. BOARD MEETING MINUTES

1. APPROVAL OF APRIL 21, 2016 MEETING MINUTES

Chairman Woodle asked for any additions or corrections to the April 21, 2016 minutes. With no further discussion, the Chairman called for a vote. Board Member Langemeier moved to adopt the April 21, 2016 meeting minutes as presented. Board Member Gutwein seconded the motion. The motion carried with Bloxham, Gutwein, Hynek, Woodle, and Langemeier voting aye.

I. DIRECTOR'S REPORT

Director Kohtz presented twelve charts outlining the number of appraisers and AMCs as of May 19, 2016. The Director summarized each chart and reported the number of appraisers as follows: 63 total Licensed, 59 credentialed through education, experience, and examination, and 4 through reciprocity; 217 total Certified Residential, 180 credentialed through education, experience, and examination, and 37 through reciprocity; 386 total Certified General, 243 through education, experience, and examination, and 143 through reciprocity. In addition, there are 0 Registered and 61 Trainees currently credentialed.

As of May 19, 2016, a total of 666 appraisers, not including the Trainee classification, were reported by the Director, up 5 from April, and down 8 from May 2015. A total of 727 appraisers, including the Trainee classification, were also reported by the Director, up 6 from April, and down 3 from May 2015. A total of 482 appraisers credentialed through education, experience, and examination, not including the Trainee classification, was reported, which is down 7 from May 2015, and a total of 184 appraisers credentialed through reciprocity was reported, which is down 1 from May 2015.

The Director then addressed the number of temporary permits issued. There were 22 permits issued in April compared to 14 permits issued in March. As of April 30, 2016, 67 temporary permits have been issued for the calendar year. Finally, the Director reported 103 AMCs registered, which is down 1 from May 2015.

Chairman Woodle noted the stability in the number of registered AMCs, and indicated that the number is meeting expectations. Board Member Gutwein mentioned that, to her, it appears that as some AMCs offshoot from other AMCs.

J. FINANCIAL REPORT AND CONSIDERATIONS – MAY 2016

1. APPROVAL OF APRIL RECEIPTS AND EXPENDITURES

The receipts and expenditures for April were reviewed by the Director by line item with the Board. Director Kohtz provided details related to some April expenses. The Director first brought attention to the data processing expense, and indicated that CIO has begun work on the Board's database again. The Director then brought attention to travel expenses, and informed the Board that the board and lodging expense includes hotel from the Spring AARO Conference, and the expense in the amount of \$181.98 under commercial transportation was for air travel to the AARO Conference.

For the Real Property Appraiser Program, which includes both the appraiser fund and the AMC fund, a total of \$24,789.47 in expenditures and \$9,629.90 in revenues were reported. As of the end of April, expenses amount to 62.25 percent of the budgeted expenditures for the fiscal year; 83.56 percent of the fiscal year has passed. Director Kohtz finished by presenting three charts outlining the Agency twenty-five month expenses and revenues, historic cash balance, and twenty-five month cash balance.

Board Member Bloxham asked if there was a minimum cash balance requirement. Director Kohtz responded, "The Board has two policies establishing what it considers appropriate for a minimum cash balance, but there is no formal requirements to maintain a certain balance." Board Member Bloxham thanked Director Kohtz for the information.

Board Member Langemeier moved to accept and file the April 2016 budget reports for audit. Board Member Hynek seconded the motion. The motion carried with Gutwein, Langemeier, Hynek, Woodle, and Bloxham voting aye.

2. PER DIEMS

Director Kohtz informed the Board that he has no per diem requests for this meeting. Chairman Woodle asked if any board members had a request for the Board to consider. There was no further discussion.

K. GENERAL PUBLIC COMMENTS

Chairman Woodle asked for any public comments. Diane Moore approached the Board first. Ms. Moore indicated that The Moore Group has an application before the Board today for the education activity titled, "7-Hour National USPAP Update Course for Mass Appraisal." Ms. Moore continued by stating that the course is an AQB approved course and meets the requirements for the 7-Hour USPAP Update course at the federal level, and requested that the Board make a decision "Yes" or "No," for credit to be awarded as meeting the 7-Hour USPAP Update requirement at the state level. Chairman Woodle acknowledged Ms. Moore's comments, and informed her that the Board will take the request into consideration during the evaluation of the activity. Bill Blake approached the Board next, and requested that the Board move to authorize him the authority to request specific documentation concerning certain investigations before the Board. Once again, Chairman Woodle acknowledged the request, and thanked Mr. Blake for his time. Finally, Robin Kilgore appeared before the Board, and introduced herself as the Board's Budget Analyst. Ms. Kilgore informed the Board that preparation is beginning for the next budget cycle, and commended the Board for being proactive in the past. She reminded the Board that it should approve the budget request before it is submitted in September, and if needed, there will be training sessions on the use of the State's Budget Management System. Chairman Woodle informed Ms. Kilgore that the Board will begin working on the budget during its strategic planning meeting next month. The Chairman then thanked Ms. Kilgore for her information. Chairman Woodle then asked for any additional comments, with no additional comments the Chairman proceeded to Education.

L. EDUCATION

Board Member Langemeier moved to approve the following education activities and instructors as listed:

NEW CONTINUING EDUCATION ACTIVITIES AND INSTRUCTORS

The Moore Group

7-Hour National USPAP Update Course for Mass Appraisal 2016-2017 (C21601)/7 Hours – Bradford Moore, Diane Moore

McKissock, LP

Residential Appraisal Review and USPAP Compliance (C21612-I)/7 Hours – Dan Bradley

RENEWAL OF CONTINUING EDUCATION ACTIVITIES AND INSTRUCTORS

Appraisal Institute

Valuation in Challenging Markets (C21118-I)/30 Hours – Stephen Roach

Online General Appraiser Report Writing and Case Studies (C2888-I)/28 Hours – Richard DuBay

INSTRUCTORS ONLY

McKissock, LP

Review of Disciplinary Cases – Live Webinar (C21442-I) – Joshua Walitt, Steven Craddock, Robert McClelland

Adjustments: Supported or Not Supported (C21560-I) – Joshua Walitt, Steven Craddock, Robert McClelland

The New FHA Handbook 4000.1 – Live Webinar (C21556-I) – Joshua Walitt, Steven Craddock, Robert McClelland

Fannie Mae Appraisal Guidelines (C21551-I) – Joshua Walitt, Steven Craddock, Robert McClelland

Reviewer's Checklist (C21429-I) – Joshua Walitt, Steven Craddock, Robert McClelland

Expert Witness Testimony: To Do or Not to Do (C21550-I) – Joshua Walitt, Steven Craddock, Robert McClelland

Work File: Your Best Defense Against an Offense (C21552-I) – Joshua Walitt, Steven Craddock

Seconded by Hynek. Chairman Woodle called for the vote. The motion carried with Bloxham, Gutwein, Hynek, Langemeier, and Woodle voting aye.

M. UNFINISHED BUSINESS

- 1. BOARD MEMBER RECOGNITION:** Director Kohtz informed the Board the changes requested at the April meeting were submitted to Cornhusker Industries for revision of the design. There was no further discussion.

- 2. APPRAISAL MANAGEMENT COMPANY CUSTOMARY AND REASONABLE FEES:** Director Kohtz presented the responses received from those solicited regarding completion of a customary and reasonable fee study. Director Kohtz reminded the Board of the AARO Conference discussion in April, where Board Member Langemeier and Compliance and Education Specialist Krieger brought attention to many issues found with the customary and reasonable fee studies in other states. Chairman Woodle provided an update to new Board Member Bloxham, and informed him that in a perfect world, a fees study would bring to light the fees paid to appraisers in Nebraska. Board Member Langemeier added that there were many holes in the completed studies that affected the credibility of the study. Board Member Langemeier continued by saying that in order to remain relevant, a study must be updated or redone every twelve months, the methodology used in the studies is not good, and there is also concern about survey fatigue. Board Member Bloxham indicated that his bank would be more than happy to participate in such of a survey. He continued by asking if the Board could just conduct the survey? Board Member Langemeier responded that the Board cannot conduct the survey, it has to be completed outside of the Board. Chairman Woodle asked if there was any more discussion. The Board agreed that it should not pursue a customary and reasonable fee study at this time, and this topic should be discussed at strategic planning in June. Director Kohtz informed the Board that this item will be removed from the agenda.

N. NEW BUSINESS

- 1. APPRAISAL INSTITUTE EDUCATION CERTIFICATES:** Director Kohtz presented an education certificate created by the Appraisal Institute to the Board for review. The Director continued by informing the Board that the certificate includes a Nebraska approval number for an activity that was completed in Iowa. The Board accepts activities completed in other jurisdictions, but does not approve activities completed outside of the State of Nebraska. This issue was informally discuss last year, and Director Kohtz was requested to contact the Appraisal Institute and ask that the practice ceases. This practice causes some administrative issues for the Board. Particularly, the review of continuing education for renewal of a credential, and the misunderstanding that many online qualifying education courses are approved in Nebraska. One applicant has been denied because of this, and another application recently returned also included online qualifying education. Chairman Woodle commented that the informal request to cease this practice did not work, and asked the Director what is the next step. Director Kohtz responded that he would like to send a letter formally requesting that this practice stop. Board Member Langemeier moved to authorize Director Kohtz to send a letter to the Appraisal Institute requesting that the practice of including Nebraska course numbers on certificates for activities completed in other states, or non-board approved courses completed online, be stopped. The motion was seconded by Hynek, and carried with Bloxham, Hynek, Gutwein, Langemeier, and Woodle voting aye.
- 2. TRAINEE REAL PROPERTY APPRAISER COURTESY REVIEW AT 500 HOURS:** Director Kohtz referred to the AARO Conference discussion in April, in which the Board requested that a courtesy review at 500 hours for trainee real property appraisers be put on the May agenda. Director Kohtz asked the Board to open discussion. The Board expressed support for this idea, but felt that it was a better topic for strategic planning. Board Member Langemeier asked that this item be moved to the strategic planning agenda. Director Kohtz informed the Board that this topic will be added to the strategic planning agenda.

O. LEGISLATIVE REPORT AND BUSINESS

1. **LEGISLATIVE UPDATE:** Director Kohtz provided the final update to the Board regarding legislation carried over from the previous session and introduced during the current session that the Board may have interest in. The following bills were addressed:

LB606 – No update.

LB646 – Indefinitely postponed.

LB699 – No update.

LB717 – Indefinitely postponed.

LB729 – No update.

LB731 – Passed on Final Reading with Emergency Clause 47-0-2, and approved by the Governor on April 6, 2016. The statues were recently codified.

LB825 – Indefinitely postponed.

LB830 – Passed on Final Reading 48-0-1, and approved by Governor on April 18, 2016. Portions of LB972 amended into LB830 through AM 2082.

LB867 – Passed on Final Reading 47-0-2, and approved by Governor on April 18, 2016.

LB876 – No update.

LB993 – Indefinitely postponed. Portions of LB993, LB1084, and LB1099 were amended into LB935 by AM2386. LB935 passed on Final Reading, but was not signed by the Governor and returned. The Director informed the Board that this bill was interesting because it incorporated some of the things that the Board has been watching into one bill. LB935 included a provision allowing GSA rates to be used for expense reimbursement, and that contract renewals may not exceed 50% of original term. Board Member Langemeier stated that the Governor must have vetoed LB935. Director Kohtz responded that he did not see a veto in the journal. The Board's Budget Analyst, Robin Kilgore, confirmed Board Member Langemeier's statement, and said that the bill was vetoed by the Governor.

LB1024 – Indefinitely postponed.

LB1084 – Indefinitely postponed.

LB1092 – Passed on Final Reading 48-0-1, and approved by the Governor on March 30, 2016.

LB1099 – Indefinitely postponed.

2. **TITLE 298 UPDATE:** Director Kohtz presented a letter from him to Governor Ricketts concerning the fee increases contained in the Title 298 changes to the Board for review. The Director informed the Board that he provided a very thorough explanation, so hopefully the Board receives news soon on the rules. There was no further discussion.

P. BOARD POLICIES AND PROCEDURES

1. BOARD POLICIES

- a. **Current Board Policies:** No discussion.

Break from 12:13 p.m. to 12:21 p.m.

Q. OTHER BUSINESS

1. BOARD MEETINGS

- a. **2016 Strategic Planning Meeting:** Director Kohtz asked the Board if it would like to hold the strategic planning meeting on the same day as the June regular meeting; similar to 2015. Chairman Woodle declared that the Board used to hold strategic planning on a separate day, but there was a lot more information to cover back then. The Board has made this process efficient, and it is easier for those that travel to hold the strategic planning meeting and regular meeting on the same day. The Board agreed to hold both meetings on the same day.
- b. **June 16, 2016 Regular Meeting:** Director Kohtz reminded the Board that it moved the meetings back a week last year to allow extra time for staff to prepare for two meetings on one day. The Director then asked the Board if the June meeting could be moved to June 23, 2016. Board Member Hynek moved to hold the June regular meeting on, and set the strategic planning meeting on, June 23, 2016. The motion was seconded by Bloxham, and carried with Bloxham, Hynek, Gutwein, Langemeier, and Woodle voting aye.

2. **CONFERENCES/EDUCATION:** No discussion.

3. **MEMOS FROM THE BOARD:** Director Kohtz informed the Board that a Memo From the Board will be drafted to explain the changes to the Real Property Appraiser Act found in LB731.

4. QUARTERLY NEWSLETTER

- a. **Spring 2016:** Director Kohtz presented a draft of the Spring 2016 newsletter to the Board for review. The Director explained that the format just developed as the newsletter was being put together. The goal was to build a template that could be the basis for all future newsletters, and make it easy to put it together. Chairman Woodle expressed satisfaction with the format, and said, "This is exactly what I was looking for when we started talking about this." Board Member Langemeier asked if the name could be changed; "The Nebraskan Appraiser" just doesn't sound right. Board Member Langemeier continued by suggesting that "The Nebraska Appraiser" be used instead. Director Kohtz responded that the title will be changed. Board Member Langemeier then asked if the text size for "Compliance Corner" can be changed to be the same size as the "Change is in the Air" title. Director Kohtz informed the Board that this change will be made as well. With no further discussion, Chairman Woodle asked for a vote. Board Member Hynek moved to approve the 2016 Spring newsletter as amended. The motion was seconded by Bloxham, and carried with Bloxham, Hynek, Gutwein, Langemeier, and Woodle voting aye.

5. APPRAISAL SUBCOMMITTEE

- a. **2017 ASC Audit – March 14-16, 2017:** Director Kohtz informed the Board that the ASC requested March 14-16, 2017 for their next audit. Director Kohtz asked if any board members would have a conflict with these dates. After a brief discussion, the Board agreed that there would be no issues with the requested dates. Director Kohtz informed the Board that he will confirm the dates as ok with the ASC.

6. APPRAISAL FOUNDATION

- a. **First Exposure Draft of Proposed Changes for the 2018-19 Edition of the Uniform Standards of Professional Appraisal Practice:** Director Kohtz presented the First Exposure Draft of Proposed Changes for the 2018-19 Edition of the Uniform Standards of Professional Appraisal Practice to the Board for review. The Director went through the draft with the Board and summarized each change. Director Kohtz said many of the definition changes are just moving words around, which doesn't have a major impact on the meaning of the definition. The Director finished by informing the Board that the only major change is that Standard 3 is broken into Standard 3, development, and Standard 4, reporting. After a brief discussion, Chairman Woodle thanked Director Kohtz for the summary.
- b. **Appraisal Standards Board Public Meeting to Discuss the First Exposure Draft of Proposed Changes for the 2018-19 Edition of the Uniform Standards of Professional Appraisal Practice – June 17, 2016:** Director Kohtz brought attention to The Appraisal Foundation's Appraisal Standards Board's next meeting to be held on June 17, 2016. There was no further discussion.
- c. **Appraiser Qualifications Board Public Meeting to Discuss the Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria – June 24, 2016:** Director Kohtz brought attention to The Appraisal Foundation's Appraiser Qualifications Board's next meeting to be held on June 24, 2016. There was no further discussion.
- d. **Appraisal Practices Board Valuation Advisory #7: Green and High Performance Property: One to Four-Unit Residential:** Director Kohtz presented the Appraisal Practices Board Valuation Advisory #7: Green and High Performance Property: One to Four-Unit Residential to the Board for review. There was no discussion.
- e. **Appraisal Practices Board First Exposure Draft: Valuation of Green and High-Performance Property: Commercial, Multifamily and Institutional Properties:** Director Kohtz presented the Appraisal Practices Board First Exposure Draft: Valuation of Green and High-Performance Property: Commercial, Multifamily and Institutional Properties to the Board for review. There was no discussion.

7. **IN THE NEWS:** No discussion.

C. CONSIDERATION OF APPLICANTS AS NEBRASKA REAL PROPERTY APPRAISER:

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

T15015 / Deny

CG16005R / Requirements for credentialing as a Certified General Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check.

CG16003R / Requirements for credentialing as a Certified General Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check.

Board Member Gutwein seconded the motion. Motion carried with Gutwein, Langemeier, Woodle, Hynek, and Bloxham voting aye.

D. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY: None.

E. CONSIDERATION OF DISCIPLINARY ACTIONS/ ENFORCEMENT MATTERS:

Board Member Langemeier moved to take the following enforcement actions:

- 14-22 / Monitor Consent Agreement.**
- 14-23 / Monitor Consent Agreement.**
- 14-24 / Monitor Consent Agreement.**
- 14-26 / Monitor Consent Agreement.**
- 14-27 / Monitor Consent Agreement.**
- 15-03 / Ongoing**
- 15-05 / Hold**
- 15-09 / Hold**
- 15-14 / Ongoing**
- 15-15 / Ongoing**
- 15-16 / Ongoing**
- 15-18 / Ongoing**
- 15-19 / Ongoing**
- 16-02 / Ongoing**
- 16-03 / Ongoing**
- 16-04 / Ongoing**

Board Member Bloxham seconded the motion. Motion carried with Gutwein, Woodle, Hynek, Bloxham, and Langemeier voting aye.

Board Member Langemeier moved that the Board, having made no determination of the matters under investigation in Grievances 15-22, 15-23, and 15-24, pursuant to its investigative powers and duties under Neb. Rev. Stat. § 76-2239, and subject to Section § 76-2238 (23), and in order to complete the investigations, authorizes its Special Assistant Attorney General to request the Respondent in such Grievances to provide the Special Assistant Attorney General with copies of the appraisal reports, workfiles, assignment agreements, communications with the owners, clients, and intended users, notes, and any changes or addendums to the reports, within ten days of the Special Assistant Attorney General's request. The motion was seconded by Hynek, and carried with Bloxham, Langemeier, Hynek, and Woodle Voting aye. Gutwein abstained.

Board Member Langemeier moved to take the following enforcement actions:

- 14-32 / Hold**
- 14-33 / Hold**

Board Member Hynek seconded the motion. Motion carried with Bloxham, Hynek, Gutwein, and Langemeier voting aye. Woodle abstained.

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS:

Board Member Langemeier moved to take the following actions for other executive session items:

- I14-32 / Hold**
- I14-33 / Hold**

Board Member Hynek seconded the motion. Motion carried with Bloxham, Hynek, Gutwein, Langemeier, and Woodle voting aye.

Board Member Langemeier moved to increase the Director's compensation 2.5%, effective July 1, 2016. Seconded by Hynek. The motion carried with Bloxham, Hynek, Gutwein, Langemeier, and Woodle voting aye.

R. ADJOURNMENT

Board Member Hynek moved to adjourn the meeting. Board Member Bloxham seconded the motion. Motion carried with Bloxham, Hynek, Gutwein, Langemeier, and Woodle voting aye.

At 12:38 p.m. Chairman Woodle adjourned the May 19, 2016 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on June 3, 2016, in compliance with Nebraska Revised Statute §84-1413 (5).