

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

December 15, 2016 Meeting Minutes

A. OPENING

Chairman Marc Woodle called to order the December 15, 2016 meeting of the Nebraska Real Property Appraiser Board at 9:05 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 December 12, 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, Benjamin Hynek, and David Bloxham were present. Also present were Director Tyler Kohtz, Compliance and Education Officer Grant Krieger, and Business and Licensing Specialist Allison Nespor.

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 Bloxham, Hynek, Langemeier, and Woodle 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; pending litigation, or litigation which is imminent as evidenced by communication of a claim or threat of litigation; and employee performance evaluation. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. Chairman Woodle asked for a second. Board Member Bloxham seconded the motion. The time on the meeting clock was 9:07 a.m. The motion carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

Break from 9:56 a.m. to 10:11 a.m.

Board Member Langemeier moved to come out of executive session at 10:53 a.m. Board Member Bloxham seconded the motion. The motion carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

Break from 10:53 a.m. to 11:00 a.m.

G. WELCOME AND CHAIR'S REMARKS

1. RECONGNITION OF OUTGOING BOARD MEMBER

The Board recognized outgoing board member Marc Woodle, and thanked him for his service. Chairman Woodle thanked the Board, and stated, "In keeping with my motto 'less is more,' the Board has undergone many changes since 2012. I am most proud of the fact I was a part of the Board that hired our current Director Tyler Kohtz. Being on the inside, I can appreciate the heavy lifting Mr. Kohtz has endured to get the agency to the point it is today.

In that vein, I have had the pleasure to serve the Board with many smart and talented appraisers who are passionate about our industry. I thank them for putting up with me over their respective terms. I don't always take myself too serious, but I take my profession very serious.

For the appraisers who get up every day and do their best and are considered vanguards for our profession, I say 'good on you.' For those who have issues with the Board and our decisions I say 'do better.'

The agency is in good hands considering the Board members and staff that will be presiding in 2017."

Director Kohtz thanked Chairman Woodle for his service.

2. CHAIR'S REMARKS

Chairman Woodle welcomed all to the meeting. Bradford Moore was the only member of the public in attendance.

H. BOARD MEETING MINUTES

1. APPROVAL OF NOVEMBER 17, 2016 MEETING MINUTES

Chairman Woodle asked for any additions or corrections to the November 17, 2016 minutes. With no further discussion, the Chairman called for a vote. Board Member Hynek moved to adopt the November 17, 2016 meeting minutes as presented. Board Member Bloxham seconded the motion. The motion carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

I. DIRECTOR'S REPORT

1. APPRAISER COUNT REPORT

Director Kohtz presented seven charts outlining the number of appraisers as of December 15, 2016, and asked for any questions or comments. There was no further discussion.

2. TEMPORARY PERMIT REPORT

Director Kohtz presented three charts outlining the number of temporary permits issued as of December 15, 2016, and asked for any questions or comments. There was no further discussion.

3. AMC COUNT REPORT

Director Kohtz presented two charts outlining the number of AMCs as of December 15, 2016, and asked for any questions or comments. There was no further discussion.

4. CREDENTIAL RENEWAL PROGRESS REPORT

Director Kohtz presented two charts outlining the credential renewals progress through December 8, 2016. Director Kohtz summarized each chart, and informed the Board that as of December 14, 2016, 77% of projected renewal applications have been received, which is behind the 96% for this time last year. Of the 528 applications received, 300 have been processed. The Director informed the Board that he speculates that many credential holders are still completing their continuing education requirements. Board Member Bloxham asked if it would be a good idea to send a reminder out to Nebraska credential holders. Director Kohtz informed the Board that letters are sent to all those that have not renewed after the first of the year to inform them that they are not eligible to engage in real property appraisal activity, but a Memo From the Board may also be helpful for those that have not turned in an application for one reason or another.

J. FINANCIAL REPORT AND CONSIDERATIONS – DECEMBER 2016

1. APPROVAL OF NOVEMBER RECEIPTS AND EXPENDITURES

The receipts and expenditures for November were reviewed by the Director by line item with the Board. Director Kohtz brought attention to publication and print expenses, and informed the Board that the \$641.50 includes the quarterly copy services costs. Director Kohtz also reported that revenues are typical for this time of year.

For the Real Property Appraiser Program, which includes both the appraiser fund and the AMC fund, a total of \$29,828.75 in expenditures and \$110,105.95 in revenues were reported. As of the end of November, expenses amount to 32.96 percent of the budgeted expenditures for the fiscal year; 41.92 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 Hynek moved to accept and file the November 2016 financial reports for audit. Board Member Bloxham seconded the motion. The motion carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

2. 2017-2019 BIENNIAL BUDGET UPDATE

Director Kohtz informed the Board that he met with the Board's Legislative Fiscal Officer, Mike Lovelace, on December 8, 2016 to discuss the Board's 2017-2019 Biennial Budget Request. The Director proceeded to provide a summary of the discussion to the Board, and informed the Board that Mr. Lovelace stated that the Board's budget is reasonable, and his only questions pertained to the database update funding request. The Director described the obstacles to completing this project to Mr. Lovelace, and also that everything possible has been done by the Board to move the project; CIO is the reason for the lack of movement. The Director also spent time going through the database and the plan with Mr. Lovelace to provide a more in-depth understanding of what the Board is trying to accomplish. Mr. Lovelace indicated that he will recommend that the current allocation for this project is rolled into the next biennial budget. Chairman Woodle responded positively, and said that it appears that we are in good shape. The Director informed the Board that the next step is the Governor's review of the budget; the Board should know more about the Governor's recommendation next month.

3. 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. Bradford Moore thanked Chairman Woodle for his service.

L. EDUCATION

Board Member Langemeier moved to take the following actions on education activities and instructors as listed:

NEW CONTINUING EDUCATION ACTIVITIES AND INSTRUCTORS

Calypso Continuing Education

Victorian Era Architecture for Real Estate Professionals (C21634-I) / 3 Hours - *Approve*

Francis X Finigan – *Approve*

Environmental Hazards Impact on Value (C21635-I) / 7 Hours - *Approve*

Francis X Finigan – *Approve*

2016-2017 7 Hour Equivalent USPAP Update Course (C21636-I) / 7 Hours - *Deny*

Steven Maher – (no action)

A Brief Stroll Through America's Architecture for Appraisers (C21637-I) / 7 Hours - *Approve*

Francis X Finigan – *Approve*

FHA Site Inspection for Appraisers (C21638-I) / 7 Hours - *Approve*

Francis X Finigan – *Approve*

Mold, A Growing Concern (C21639-I) / 7 Hours - *Approve*

Francis X Finigan – *Approve*

Appraisal Institute

Valuation of Conservation Easements (C21640) / 28 Hours - *Approve*

Bruce Closser - *Approve*

McKissock, LP

Appraisers: How to Recognize and Avoid Mortgage Fraud (C21641) / 7 Hours - *Approve*

Dan Bradley, Larry McMillen, Charles Huntoon, Antonia Viens, Wally Czekalski, Steve Vehmeier, Steve Maher - *Approve*

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

M. UNFINISHED BUSINESS

1. BOARD MEMBER RECOGNITION: No update.

2. OPEN 2ND CONGRESSIONAL DISTRICT CERTIFIED REAL PROPERTY APPRAISER REPRESENTATIVE POSITION

Director Kohtz informed the Board that he has received feedback from individual board members concerning the open 2nd Congressional District appointment, and then requested comments from the Board to provide to the Governor's office. The Board asked that the Director request that the appointee has enough appraisal experience to be effective as a board member, and has proven his or her utilization of sound, ethical judgement while engaged in appraisal practice.

N. NEW BUSINESS

1. NEBRASKA STATE PATROL CHRC FEE INCREASE

Director Kohtz presented a letter from the Nebraska State Patrol to the Board for review in which the State Patrol provides notification of a fee increase from \$28.75 to \$45.25 for fingerprint-based criminal history background checks. The Director informed the Board that once the current draft rules are adopted, he will begin the process for a rule change to account for the fee increase. The Board expressed disapproval of the drastic increase and the short notification time by the State Patrol, and agreed with the plan for the future rules change.

2. OPEN 3RD CONGRESSIONAL DISTRICT CERTIFIED REAL PROPERTY APPRAISER REPRESENTATIVE POSITION

Director Kohtz asked the Board if it had any special requests prior to sending notification to the public that the 3rd Congressional District board member position is open and the Governor's office is now taking applications. The Board had no requests.

3. THE HOUSE FINANCIAL SERVICES SUBCOMMITTEE ON HOUSING AND INSURANCE HEARING

Director Kohtz presented a memorandum from the Financial Services Subcommittee concerning the November 16, 2016 hearing regarding the review of the current appraiser regulatory structure and the future of the industry to the Board for review. The Director provided a summary of the hearing, and indicated that positions were, for the most part, all over the place; each testifier had his or her own agenda. The Director continued by informing the Board that the overall tone throughout much of the hearing was positive for states. It appeared as if the committee had little faith or trust in the Appraisal Subcommittee, and questioned the need for such involved direct federal oversight. There was also some discussion as to why the Appraisal Subcommittee has not been more involved with detecting and/or preventing fraud. Much of the discussion was directed at Jim Park, the Executive Director for the Appraisal Subcommittee. Director Kohtz also thought that it appeared that The Appraisal Foundation was distancing itself from the Appraisal Subcommittee. In the closing remarks of the hearing, the tone changed from the need for drastic change to the industry, to "it appears to be working and maybe some minor tweaks are needed in the future." Chairman Woodle stated, "This hearing is nothing but grandstanding with a new administration coming in." The Director also brought attention to President-Elect Trump's declaration that the Dodd-Frank Act will be repealed. The Board thanked Director Kohtz for providing a summary of the hearing.

O. LEGISLATIVE REPORT AND BUSINESS

1. AMC REGISTRATION ACT UPDATE

- a. REQ00231:** Director Kohtz presented the bill draft, REQ00231, to the Board for review. The Director then informed the Board that it received three comments pertaining to the draft. Two were positive and supportive of the language, and one included a series of questions for clarification purposes. Director Kohtz indicated that he has responded to the questions in a manner that satisfied the questioner. The Board agreed to pick up this discussion after discussing the Nebraska Bankers Association's request.

2. REAL PROPERTY APPRAISER ACT CHANGE PROPOSED BY THE NEBRASKA BANKERS ASSOCIATION

Director Kohtz presented a language change to Neb. Rev. Stat. § 76-22228.02 in the Real Property Appraiser Act proposed by the Nebraska Bankers Association concerning the Appraiser Qualifications Board's change to the Real Property Appraiser Qualification Criteria pertaining to supervisory appraiser requirements effective on July 1, 2016. The AQB changed the qualifications requirement for a supervisory appraiser from holding an active credential for three years in the jurisdiction in which the trainee real property appraiser practices, to holding an active credential for three years in any jurisdiction. The Director continued, "If you recall, when this was discussed back in July, the Board agreed to consider this for the next USPAP update bill." Director Kohtz finished by informing the Board that he worked with Bob Hallstrom on developing the language. The Board saw no issues with proceeding with the proposed language as presented. Board Member Langemeier recommended that the Board amend REQ00231 to include this language change to the Real Property Appraiser Act. The Board agreed with this recommendation.

Director Kohtz turned attention back to REQ00231, and asked if the Board has any comments or recommendations for contacting a senator to sponsor the bill. The Director mentioned that Board Member Langemeier has had some conversations with incoming senator Lynne Walz. Board Member Langemeier recommended that the Director work with Bob Hallstrom with the Nebraska Bankers Association to obtain sponsorship of the bill; the remainder of the Board agreed. The Director informed the Board that he will proceed as requested.

Board Member Langemeier moved to approve REQ00231 as amended with the proposed language as presented from the Nebraska Bankers Association for introduction as a Legislative Bill. The motion was seconded by Bloxham, and carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

Board Member Langemeier informed the Board that he has held discussions with incoming senator Lynne Walz from Fremont. Board Member Langemeier indicated that Senator-Elect Walz contacted him because she intends to reduce the real property appraiser qualifications requirements. Board Member Langemeier explained to Senator-Elect Walz that that appraiser requirements are primarily driven at the federal level, and the State has little control over these requirements. Board Member Langemeier informed the Board that he was working with Senator-Elect Walz's legal counsel to draft language based on the Appraiser Qualifications Board's most recent exposure draft that reduces the experience requirements. Board Member Langemeier stated that this would provide a shell bill that could quickly be updated when the AQB finalizes the Real Property Appraiser Criteria, and it would put the Board ahead of the curve instead of behind the curve where it usually is. Director Kohtz informed Board Member Langemeier that the AQB has stated that it intends to release its next exposure draft in March of 2017, which means that it would likely be difficult to make drastic changes on the fly working with such a short timeframe. Board Member Langemeier indicated that he doesn't believe that much will change between exposure drafts, but the bill could be killed if needed. The Board thanked Board Member Langemeier for his efforts, and agreed that it is a good plan.

P. BOARD POLICIES AND PROCEDURES

1. BOARD POLICIES

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

2. RESTRICTED STANDARD 3 REVIEW FORM

Director Kohtz presented the 2016-2017 USPAP Restricted Standard 3 Compliance Review Report form to the Board for consideration. Compliance and Education Officer Krieger informed the Board that one of the current investigations is based on a restricted report. With no discussion, Board Member Langemeier moved to approve the 2016-2017 USPAP Restricted Standard 3 Compliance Review Report form as presented. The motion was seconded by Bloxham, and carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

3. APPRAISER FORMS AND PROCEDURES: No discussion.

4. COMPLIANCE FORMS AND PROCEDURES

- a. SME/Standard 3 Reviewer Training and Evaluation Program:** No discussion.

Q. OTHER BUSINESS

1. BOARD MEETINGS: No discussion.

2. CONFERENCES/EDUCATION

- a. CEO Krieger Basic Appraisal Procedures Course Report:** CEO Krieger attended the Basic Appraisal Procedures Course held on November 29th and 30th, and December 6th and 7th, in Lincoln, Nebraska. Krieger stated, "The course was very useful in allowing me to better understand the approaches to value especially the calculations used to determine calculations such as Cap Rate and Gross Rent Multiplier. The Course also gave me a good base of understanding that will assist me in day-to-day operations."

3. MEMOS FROM THE BOARD

Director Kohtz requested approval to draft two Memos From the Board, one concerning the open 3rd Congressional District representative on the Board, and another to remind Nebraska credentialed appraisers to renew if they have not already done so. Board Member Hynek moved to approve two Memos From the Board addressing the open 3rd Congressional District representative on the Board, and reminding Nebraska credentialed appraisers to renew if they have not already done so. The motion was seconded by Bloxham, and carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

- 4. QUARTERLY NEWSLETTER:** Director Kohtz presented the Fall edition of The Nebraska Appraiser to the Board for consideration. With no further discussion, Board Member Bloxham moved to approve the Fall edition of The Nebraska Appraiser as presented. The motion was seconded by Hynek, and carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

5. APPRAISAL SUBCOMMITTEE: No discussion.

6. APPRAISAL FOUNDATION

- a. Appraiser Qualifications Board Public Meeting Summary – November 18, 2016:** No discussion.

- b. **Appraiser Qualifications Board Q&A - December 2016:** Director Kohtz presented the Appraiser Qualifications Board's December Q&As to the Board for review. The Director provided a brief summary of the Q&As included, and informed the Board that the first three questions pertained to trainee/supervisory appraiser requirements, and the fourth pertained to mass appraisal experience acceptance. Director Kohtz finished by stating, "There was nothing in the questions or the answers that stood out." There was no further discussion.
- c. **Appraisal Standards Board Third Exposure Draft of Proposed Changes for the 2018-19 Uniform Standards of Professional Appraisal Practice:** Director Kohtz presented the third exposure draft of the proposed changes for the 2018-19 edition of USPAP to the Board for review. The Director informed the Board that he found no substantial changes from the second exposure draft. There was no further discussion.

7. IN THE NEWS

- a. **Allterra 2016 National Appraiser Survey:** Director Kohtz presented the 2016 Allterra National Appraiser Survey to the Board for review. The Director informed the Board that he had no specific comments, but any appraiser survey is interesting enough for review. Director Kohtz finished by saying that it is hard to tell what to make of this survey without knowing the sample size. It could be five appraisers, or it could be fifty thousand appraisers. There was no further discussion.
- b. **Realtor Magazine Article – Appraisal Regs in the Wake of the Crash:** Director Kohtz presented a Realtor Magazine article titled "Appraisal Regs in the Wake of the Crash" to the Board for review. Director Kohtz indicated that this article provides some insight into the realtor's prospective of appraisal regulations. There was no further discussion.
- c. **Valuation Review Article – Experts speak to AQB Exposure Draft proposed changes:** Director Kohtz presented a Valuation Review article titled "Experts Speak to AQB Exposure Draft Proposed Changes" to the Board for review. The Director informed the Board that only one line stood out in this article. The bottom of the center column on page two includes a statement, "One comment reflected the notion that the AQB is changing criteria too quickly, with new requirements having just become effective on Jan. 1, 2015." Director Kohtz informed the Board that this one comment is likely the Board's comment. There was no further discussion.

C. CONSIDERATION OF APPLICANTS AS NEBRASKA REAL PROPERTY APPRAISER

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

T16012 / Approve as Trainee Real Property Appraiser. Send advisory letter informing applicant that a Supervisory Appraiser registered with the Board is required prior to engaging in real property appraisal practice for experience credit acceptable for credentialing.

SA-T2016009 / Approve as Supervisory Appraiser.

CG16024R / Approve as a Certified General Real Property Appraiser.

CG16025R / Approve as a Certified General Real Property Appraiser.

CR16010 / Send redacted copy of Standard 3 Review Report for single family report and request response within ten business days.

CG16014 / Education and Experience accepted; approve to sit for exam, and authorize Director to issue credential upon successful completion of exam. Send redacted copy of Standard 3 Review Report.

CG16018 / Send redacted copy of Standard 3 Review Report and request response within ten business days. Send second report for Standard 3 review.
CR15007 / Deny
CG230137R / Approve

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

Board Member Langemeier moved to approve all renewal applications received at that Board's office postmarked between December 1, 2016 and December 13, 2016 with advisory letters. The motion was seconded by Hynek, and carried with Bloxham, Hynek, Langemeier, and Woodle voting aye.

Board Member Langemeier moved to authorize agency to approve all renewal applications received at the Board's office postmarked between December 14, 2016 and December 31, 2016 with advisory letters. The motion was seconded by Hynek, and carried with Bloxham, Hynek, Langemeier, and Woodle 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 / Ongoing.
14-23 / Ongoing.
14-24 / Ongoing.
14-26 / Ongoing.
14-27 / Ongoing.
15-05 / Hold.
15-09 / Dismiss without prejudice.
15-19 / Ongoing.
16-02 / Ongoing.
16-05 / Dismiss without prejudice; send advisory letter.
16-07 / Ongoing.
16-11 / Ongoing.
16-12 / Dismiss without prejudice; send advisory letter.
16-13 / Ongoing.
16-18 / Ongoing.

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

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS

The Board discussed a request for an individualized continuing education program made by a credentialed appraiser.

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

Item 1 / Deny Request.

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

R. ADJOURNMENT

Board Member Langemeier moved to adjourn the meeting. Board Member Bloxham seconded the motion. Motion carried with Bloxham, Hynek, Langemeier, and Woodle voting aye. At 12:38 p.m. Chairman Woodle adjourned the December 15, 2016 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on December 29, 2016, in compliance with Nebraska Revised Statute §84-1413 (5).