

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

June 20, 2019 Strategic Planning Meeting Minutes

A. OPENING

Chairperson Ben Hynek called to order the June 20, 2019 Strategic Planning meeting of the Nebraska Real Property Appraiser Board at 1:02 p.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

Chairperson Hynek 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 on the State of Nebraska Public Calendar found at www.nebraska.gov on June 10, 2019. 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, 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 Benjamin Hynek of Lincoln, Nebraska, Thomas Luhrs of Imperial, Nebraska, Christopher Mustoe of Omaha, Nebraska, Gary McCormick of North Platte, Nebraska, and Wade Walkenhorst of Lincoln, Nebraska were present. Also present were Director Tyler Kohtz, Business and Licensing Specialist Allison Nespor, and Administrative Specialist Katja Duerig, who are all headquartered in Lincoln, Nebraska.

ADOPTION OF THE AGENDA

Chairperson Hynek 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 Mustoe moved to adopt the agenda as printed. Board Member Luhrs seconded the motion. With no further discussion, the motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

C. CHAIRPERSON'S STATE OF THE BOARD REPORT

Chairperson Hynek stated that the current state of the Board is contented.

D. DIRECTOR'S COMMENTS

Director Kohtz thanked the board members for coming, and for their hard work. The Director indicated that this meeting is helpful for staff and for him to plan for the next fiscal year. Director Kohtz continued by saying that strategic planning is the Board's opportunity to provide a road map for the staff to follow in the short and long term. The goal is to set objectives, not to establish how the objective will be accomplished. Director Kohtz also informed the Board that he wants to continue placing focus on building institutional knowledge as the Board moves through the meeting, so everyone comes out on the same page with a plan and ready to move forward. The Director then announced that the current fiscal year was probably the most successful he has seen as director, and proceeded to cite the accomplishments from the current fiscal year:

- LB77 included a major law change that opens the door a bit more for future appraisers by reducing requirements and allowing online qualifying education.
- Title 298 was updated to address previous law changes and issues faced by the Board.
- The Board received excellent ratings from the ASC for both its Appraiser Program and its AMC Program. The excellent rating is the Board's first for its Appraiser Program under the current rating system, and as of the date of the meeting, Nebraska is the only state to receive an excellent rating for its AMC Program.
- The Board and staff quickly coordinated the development of a major technology project and secured funding.
- Critical funding was obtained for the 2019-2021 Biennium as requested, which includes additional funding for the database project.
- The Board completed an overhaul of its Compliance Program and personnel, which has resulted in a more efficient investigative process.
- Staff completed all tasks assigned during the 2018 strategic planning meeting.
- Major progress was made in the transfer of physical files to electronic files.
- The office relocation was completed in a seamless manner with no effect on the public.

Director Kohtz then turned to the future and outlined some areas and goals that he would like the Board to focus discussion on today, which include:

- Preparing for the next USPAP bill and discussing the need to incorporate language due to the recent Title XI changes for rural appraisals.
- Completing the Online Renewal Application with Electronic Payment, the LB17 AMC Update, and Enforcement Interface database projects. Good progress has been made on the Online Renewal Application with Electronic Payment project; however, it is still not clear whether these functions will be ready in time for the 2020-2021 renewal period. The Enforcement Interface is currently being tested, and could be ready by the end of the month. The \$9,000.00 LB17 AMC Update project would be great to "piggyback" on to the current projects while positive momentum exists.
- Beginning work on the next Title 298 update.
- Implementing the LB77 changes.
- Fully incorporating the Education Submission Portal into the appraiser renewal processes.

Director Kohtz outlined the general structure of the 2019-20 Strategic Planning meeting agenda, and informed the Board that he planned to walk through the agenda and discuss whichever items the Board would like to spend time on. The Director asked for any questions or comments. There was no discussion.

E. GENERAL PUBLIC COMMENTS

Chairperson Hynek asked for any public comments. There were no members of the public in attendance. With no comments, the Chair proceeded to the review of the 2018-19 strategic planning goals and objectives.

F. REVIEW OF 2018-19 STRATEGIC PLANNING GOALS AND OBJECTIVES

Director Kohtz reviewed the goals and objectives set for the 2018-19 Fiscal Year. The following items were noted:

- All the legislative goals were completed. LB77 incorporates into the Nebraska Real Property Appraiser Act, the new Real Property Appraiser Qualifications Criteria, allows for online qualifying education, removes the seven-hour requirement for the supervisory appraiser/trainee course, allows for the supervisory appraiser/trainee course to be completed online, changes the requirements for the broker/appraiser board member position to only require a broker license, and changes the Board's quorum to require that a quorum consist of at least two credentialed appraisers. Title 298 was also updated to address issues faced by the Board, and changes were made related to LB17 and LB741. The existing long-term goal to continue to address federal requirements and guidelines, as they become known, will continue into the future.
- The goals set for compliance were all completed. The grievance forms were updated to clarify that anonymous grievances will be considered incomplete and rejected. The USPAP Compliance Review form is currently in the draft process. The investigative procedures were simplified, and all procedures are now contained in Title 298 with internal procedure documents used to provide guidance where needed. Board members are notified when a new grievance is filed once the file is built. Monitoring the effectiveness of the compliance procedures is an ongoing process.
- The credentialing and registration goals were all completed. The questions relating to an applicant's criminal record were removed from applications and language describing the statutory requirements were added to the affidavit section of the applications. An excel version of the appraiser experience log was added to the website. The new AMC Registration renewal procedures were implemented by January 1, 2019. Exploring opportunities to increase the number of Nebraska resident appraisers will continue.
- The education goals were all completed. Online activities will soon be allowed for qualifying education credit. Qualifying education activities submitted by higher education institutions may now be approved by the Board. The Supervisory Appraiser/Trainee Course may now be completed online.
- The administration and personnel goals were all completed. Processes and procedures are always being updated to reflect current practices and to promote maximum efficiency, and exploring online real property appraiser initial application, and AMC initial and renewal applications will continue as a long-term goal. BLS Nespor was recognized for her hard work related to the agency's processes and procedures.

A discussion took place regarding the 2018-19 goals and objectives. Director Kohtz brought attention to the goal to notify board members when a new grievance is filed, and expressed his belief that this is a better system than having the board members wait for a meeting to be notified of the grievance. The board members agreed with this assessment, and expressed satisfaction with the current state of the compliance program. The Director reported that this has been one of the most efficient and effective years for the program. He attributed success to the communication between the staff and Board, and an understanding of what compliance matters are worth pursuing.

The conversation then turned to the public information goals. Director Kohtz informed the Board that that this was the only area that the goals were not fully completed. The Director continued by saying that staff was not encouraged regularly to develop Memos From the Board and Facebook posts that contain facts the appraiser community may find interesting. Chairperson Hynek expressed a lack of enthusiasm for this goal and asked that it be removed for the next fiscal year. The Board agreed. Director Kohtz then brought up the goal concerning utilization of Flesch-Kincaid score for the newsletter to ensure a readability score of twelve or lower. The Director reported that he ran the Flesch-Kincaid test on documents after the last strategic planning meeting, but could not get the score to twelve or lower. The Director speculated that the rules and statutory language caused the readability score to increase significantly. Director Kohtz added that the newsletters are reviewed by staff before being released to the public, so staff as a whole works together to ensure that the contents are readable. Chairperson Hynek indicated that he understood, and that he would like to remove the goal. The Board Members agreed. There was no further discussion.

Director Kohtz then moved to the administration goals, and brought attention to the long-term database goals. The Director informed the Board that the EFT payment function is being built as a plug-in, so if or when, the Board decides to pursue online initial appraiser applications, or online AMC applications, this work will already be done.

Finally, a discussion took place regarding the goal to explore opportunities to increase the number of Nebraska resident appraisers. Director Kohtz stated this has been a positive year for Nebraska credential trends, which could be due, in part, to the lowering of requirements for maintaining a credential. The Director said he had no success contacting the FBLA and FFA organizations regarding collaboration opportunities to bring the appraiser profession to the attention of their members. Director Kohtz informed the Board that he does not see the need to pursue this any further since neither group responded to the email that he sent. The Board agreed that this goal should be removed.

G. COMPLIANCE

1. REVIEW OF ENFORCEMENTS/INVESTIGATIONS

Director Kohtz presented four charts and graphs to the Board for review outlining the status of the enforcement program. The Director described a decrease in the total number of grievances received and an increase in the number of grievances that are dismissed. The Director attributed this to the Board's recent focus on evidence and stability in the real estate market. He asked for any questions or comments. There was no further discussion.

2. ENFORCEMENT OF REAL PROPERTY APPRAISER ACT

Chairperson Hynek reported that he had nothing for discussion, and that it was probably a first. Chairperson Hynek expressed satisfaction with the current state of the compliance program, citing the pitfalls of previous years. Director Kohtz agreed that the program is currently running smoothly. Chairperson Hynek estimated that half of all grievances that causing problems were initiated by board members in the past, and expressed hope that the program continues to run smoothly.

a. Subject Matter Expert Services Agreement: No discussion.

b. Hearing Officer Services Agreement: No discussion.

c. Subject Matter Expert Qualifications: No discussion.

- 3. ENFORCEMENT OF APPRAISAL MANAGEMENT COMPANY REGISTRATION ACT**
Director Kohtz asked for specific questions or discussion pertaining to AMC enforcement. There was no discussion.
- 4. INVESTIGATIVE PROCESSES AND PROCEDURES**
Director Kohtz asked for specific questions or discussion pertaining to investigative processes and procedures. There was no discussion.
- 5. FORMS**
Director Kohtz asked for specific questions or discussion pertaining to compliance forms. There was no discussion.
- 6. SHORT AND LONG TERM GOALS AND OBJECTIVES**
 - Continue monitoring the effectiveness and efficiency of the Compliance Program (long-term).

H. CREDENTIALING AND REGISTRATION

1. REVIEW OF CURRENT CREDENTIAL HOLDERS/AMC REGISTRATIONS

A review of the credentialing and AMC registration programs took place for the 2018-19 fiscal year. The Director presented twelve charts to the Board for review. The first two charts representing the number of Nebraska Real Property Appraisers credentialed through education, experience, and examination over the past five years, and those credentialed through reciprocity during the past five years. The Director commented that the numbers hit a lull the past few years, but the number of credential holders had skyrocketed from January 2019 to present. The Director attributed this to the rules changes that have already been implemented and statutory changes that are on the horizon. Director Kohtz reported that the numbers for certified general real property appraisers credentialed through education, experience, and examination have remained steady, but the licensed and certified residential classifications have dipped. The Director said he expected the residential numbers to increase again once LB77 takes effect, especially for Licensed Residential. Director Kohtz then presented three charts representing the number of temporary credential holders over the past five years. The Director reported the five-year trend was steady. Director Kohtz proceeded to the two charts representing the number of registered supervisory appraisers over the past five years. The Director reported the thirteen-month trend is steady. The Director reminded the Board that registered supervisory appraisers were not tracked before 2017, so a five-year trend does not yet exist. Finally, Director Kohtz presented two charts representing the number of registered AMCs over the past five years. The Director commented that the numbers have dropped since January, but that was expected as a result of the implementation of the requirements of the AMC Final Rule. The Director predicted that the number of Nebraska registered AMCs would drop to the mid-sixties within three years. Director Kohtz asked for any questions or comments. There was no further discussion.

2. REVIEW OF CREDENTIAL HOLDER RENEWALS

Director Kohtz presented the renewal report to the Board for review, which included two charts representing the number of Nebraska real property appraisers that renewed their credentials over the past five years. The Director reported that the 2019 renewal season exceeded projections with 93% credentials renewed. He attributed this to the rules changes that allowed all hours of continuing education to be taken online, so out-of-state credential holders had an easier time renewing. There was no further discussion.

3. 2019-22 CREDENTIAL HOLDER/AMC REGISTRATION PROJECTIONS

The Director presented five graphs for the Board's analysis. The first four graphs outlined appraiser trends; the next graph outlined the number of registered AMCs. The Director explained that the projections generally increase as a result of the current trends being experienced, and the statutory changes that will take place in September 2019. The Director showed that the largest increases are projected for the trainee real property appraiser designation, but cautioned that using trends seems to skew the trainee real property appraiser projections upwards. Director Kohtz added that he anticipates an increase, but not at the trajectory shown on the chart. For credentials granted through reciprocity, the Director informed the Board that he sees the current trend continuing during the next few years; the certified general classification will continue its gradual increase. As for those credentialed through education, experience, and examination, Director Kohtz declared that the certified general classification will continue to increase at its current rate, but that he expects that the licensed residential and certified residential classifications will begin an upward trend during the next couple of years. The Director added that the projections are conservative to allow for any unknown industry changes that may affect the numbers.

Director Kohtz presented a chart representing the projected number of Nebraska registered AMCs from 2017 to 2022. The Director stated that the continued drop is the result of the implementation of the AMC Final Rule, and that he expects the number of registered AMCs to bottom out in the mid-sixties. There was no further discussion.

4. REAL PROPERTY APPRAISER CREDENTIALS

a. General Discussion

i. Trainee Courtesy Review

Chairperson Hynek informed the Board that he would like to remove the idea of the trainee courtesy review from the Board's agenda permanently. The Chairperson explained that this idea was meant to catch some problems related to supervisors, but ultimately the cost of offering these reviews would be too high because a review panel would have to be established. Chairperson Hynek added that the Board's knowledge of any USPAP violations would be a liability to the applicant in the future, or the Board might have to go as far as investigating the supervisory appraiser. Director Kohtz reminded the Board that he had this discussion with AAG Hart, who said that the Board could not look the other way if a statutory violation is found. The Director agreed that a panel would have to be set up, and the Board would have to have no knowledge of any findings. Board Member Mustoe commented that it would be costly. Director Kohtz reported that trainee courtesy reviews were a big topic at AARO for a couple of years, but now programs seem to be falling apart. The Director added that the statutory change regarding the number of experience hours required and the timeframe in which the experience is to be obtained would greatly reduce the effectiveness of a courtesy review program. There was no further discussion.

ii. Exemption From Appraisals of Real Estate Located in Rural Areas

Director Kohtz presented amended language found in Title XI of FIRREA, which described an exemption from appraisals for real estate located in rural areas. The Director asked the Board if any changes are needed in the Real Property Appraiser Act to address this language. Director Kohtz also remarked that the language appears to be directed to the mortgage-lending industry and not appraiser regulatory agencies. Chairperson Hynek commented that it is not the Board's duty to address this exemption. Board Member Mustoe asked if the exemption changed the minimum amount before an appraisal is required. Director Kohtz answered that it did not. Board Member Mustoe expressed his belief that this exemption does not warrant additional regulation on the Board's part. There was no further discussion.

- iii. Applicant Appraisal Review Services Agreement:** No discussion.
- b. Real Property Appraiser Qualifications**
Director Kohtz informed the Board that the LB77 changes will go into effect in September and it is a goal to implement the new qualifications criteria when LB77 becomes law. The Board agreed with this goal.
- c. Real Property Appraiser Credential Renewal**
Board Member Mustoe commented that the only goal is to get the credential renewal application online, which is ongoing. There was no further discussion.
- d. Supervisory Appraiser**
- i. Possible Incentives for Supervisory Appraiser**
Director Kohtz asked for discussion of possible incentives for supervisory appraisers. The Board members agreed that they have no interest in this topic. Chairperson Hynek requested that Director Kohtz remove it from the Board's future projects. Director Kohtz agreed. There was no further discussion.
- ii. Supervisory Appraiser and Trainee Course Requirements**
Director Kohtz guided the Board to page P.4 in the packet, and reported that when LB77 removed the requirement that a supervisory appraiser applicant must complete supervisory appraiser and trainee course within two years before the application, the requirement for completion was left under-defined. The Director informed the Board that some parameters must be in place to provide guidance to staff during review of its supervisory appraiser applicants. Director Kohtz informed the Board that he added language in Title 298 to address this. The Director read the draft language, which would require that an applicant for the supervisory appraiser registration complete the course as a certified residential real property appraiser or certified general real property appraiser to ensure that the applicant has completed this course from the perspective of being a supervisory appraiser. The Director added that the language requiring that an applicant complete the supervisory appraiser course after the successful completion of disciplinary action was added to ensure that an appraiser understands what is expected of him or her as a supervisory appraiser and the role that USPAP and other laws play in the supervisor/trainee relationship. Chairperson Hynek expressed dissatisfaction with the requirement, but acknowledged that the other board members are satisfied with the draft language. Board Member Mustoe said that he agrees with the language, and that he could appreciate the logic behind having to take the course again after a disciplinary action. There was no further discussion.
- e. Processes and Procedures:** No discussion.
- f. Forms:** No discussion.
- g. Short- and Long-Term Goals and Objectives**
- Explore opportunities to increase the number of Nebraska resident appraisers (long-term).
 - Clarify requirements for supervisory appraiser/trainee course for supervisory appraiser applicants (short-term).
 - Implement the new real property appraiser qualifications criteria when LB77 becomes law (short-term).

5. TEMPORARY CREDENTIAL

Director Kohtz asked for discussion pertaining to Temporary Credentials. There was no discussion.

6. APPRAISAL MANAGEMENT COMPANY REGISTRATION

Director Kohtz asked for discussion pertaining to Appraisal Management Company Registration. There was no discussion.

I. EDUCATION

1. GENERAL

Director Kohtz asked for general discussion pertaining to education. There was no discussion.

2. QUALIFYING EDUCATION

Director Kohtz asked for discussion pertaining to Qualifying Education. There was no discussion.

3. CONTINUING EDUCATION

a. Out of State Online Continuing Education

Director Kohtz guided the Board to page P.5, part of the May 28, 2019 draft of changes to Title 298. The Director explained the draft language, which states that the Board may accept credit for online or correspondence activities completed in another jurisdiction if the activity was approved by the jurisdiction in which the applicant or credential holder was a legal resident at the time of completion. The Director explained that this draft language is intended to resolve an issue the Board faced during the previous renewal season, when some online activities taken by reciprocal appraisers were not approved by the Board. To solve the problem at the time, staff contacted the education provider and requested an application for the online activity, so that the Board could approve the activity retroactively, and appraisers could receive credit for it in Nebraska. Director Kohtz informed the Board that the draft language makes this process easier on staff and Nebraska credentialed appraisers who reside in other jurisdictions. In order for the rule change to work, there must be a standard in place for evaluating the acceptability of the submitted online or correspondence education. Chairperson Hynek suggested that the Board accept credit for online education activities that are approved in any state. The Director noted that it would be a challenge for staff to track down the state of approval when a certificate is received for an online activity with no other information. The Chairperson described a situation where an appraiser who lives in Iowa takes an online course that was approved by South Dakota, and Iowa grants the appraiser credit for the course based on the South Dakota approval, and asked if Nebraska would approve the credit or not. Director Kohtz responded that all the Board needs is a standard for approval; if the activity in question is approved as continuing education in Iowa, then Nebraska would accept it. When the ASC audits the Board, the education program is reviewed against the real property appraiser qualifications criteria. It is important that the program have a foundation for which online activities are accepted when approved in another jurisdiction. At this time, the Board does not accept any online education completed in another jurisdiction if the online activity has not been approved by Nebraska. Chairperson Hynek reiterated that the standard should be met if any state approves the course, Nebraska should accept credit for the completion of that course. BLS Nespor commented that, without the information about where the course is approved, which is not always on the certificate, it could take the office staff an hour or more to track down a state that had approved it.

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The Director suggested that the Board could choose a state to use as a baseline for approval verification, or use the AQB Course Approval Program as verification. The Chairperson indicated that the draft rule, as presented, is better than what existed before. Chairperson Hynek also acknowledged that the Board generally seems to find the draft language to be acceptable, so he did not wish to change it. Director Kohtz remarked that, if the Board is open to it, he would like to move forward with the draft language. If issues arise after the standards are in place, then the topic can be revisited next year during strategic planning. The Board agreed with this idea. There was no further discussion.

b. Processes and Procedures

Director Kohtz informed the Board that it is a goal to fully implement the Education Submission Portal into the appraiser credential renewal process during the upcoming renewal season. The Director reminded the Board that this topic would be on the July agenda for a report on the sixty-day test period. The Board agreed with this goal. There was no further discussion.

c. Forms: No discussion.

d. Short and Long Term Goals and Objectives

- Clarify acceptance of online education activities completed in another jurisdiction (short-term).

- Complete integration of the Education Submission Portal into the appraiser credential renewal process (short-term).

4. SUPERVISORY APPRAISER AND TRAINEE COURSE

Director Kohtz asked for discussion pertaining to the Supervisory Appraiser and Trainee Course. There was no discussion.

5. INSTRUCTORS

Director Kohtz asked for discussion pertaining to Instructors. There was no discussion.

6. POST-SECONDARY EDUCATION

Director Kohtz asked for discussion pertaining to Post-Secondary Education. There was no discussion.

7. BOARD REPRESENTATION/OFFERINGS

Director Kohtz asked for discussion pertaining to Board Representation/Offerings. There was no discussion.

J. PERSONNEL

Director Kohtz asked for discussion pertaining to Personnel. There was no discussion.

K. PUBLIC INFORMATION

1. GENERAL

a. Short and Long Term Goals

i. FBLA/FFA Contact Review

Director Kohtz reported that he sent emails to the state leadership for both the FBLA and FFA and received no reply. The Board Members agreed that this goal was not worth pursuing further. There was no further discussion.

ii. Encourage staff to develop Memos From the Board and Facebook posts that contain interesting facts the appraiser community may be interested in

Director Kohtz reported that this was a low priority for staff and did not happen this year. Chairperson Hynek said he is fine with the current way the Facebook page is used and that he did not think this was a worthwhile goal. The Board Members agreed that the goal should be to continue current practices and procedures for the website, Facebook page, Memos From the Board, and quarterly newsletter. There was no further discussion.

2. WEBSITE

Director Kohtz asked for discussion pertaining to the Website. There was no discussion.

3. BOARD MEMOS

Director Kohtz asked for discussion pertaining to Board Memos. There was no discussion.

4. NEWSLETTER

Director Kohtz asked for discussion pertaining to Newsletter. There was no discussion.

5. FACEBOOK PAGE

Director Kohtz asked for discussion pertaining to Facebook Page. There was no discussion.

L. ADMINISTRATION

1. POLICIES AND PROCEDURES

Director Kohtz reminded the Board that staff will continue updating processes and procedures required to carry out the Board's business in an efficient manner, and asked for additional discussion pertaining to policies and procedures. There was no discussion.

2. RETENTION SCHEDULE

Director Kohtz asked for discussion pertaining to the Retention Schedule. There was no discussion.

3. NRPAB DATABASE

Director Kohtz reported that substantial progress was being made on the Online Appraiser Renewal Application Submission Portal with Electronic Payment and the Enforcement Interface. The Director informed the Board that he would like to see the completion of these projects soon, and then move on to the LB17 AMC Interface Database Update project. Board Member Mustoe noted that the Board is completing work on the database now that will be helpful for years to come. The Director agreed, and said that the established long-term goals will be to develop online initial applications for appraisers and AMCs. There was no further discussion.

a. NRPAB Database Report: No discussion.

b. Short and Long Term Goals

- Complete the Online Renewal Application with Electronic Payment, Enforcement Interface, and LB17 AMC Update projects (short-term).
- Explore online real property appraiser initial applications, and AMC initial and renewal applications (long-term).

M. APPRAISAL SUBCOMMITTEE

Director Kohtz asked for discussion pertaining to the Appraisal Subcommittee. There was no discussion.

N. APPRAISAL FOUNDATION

Director Kohtz asked for discussion pertaining to The Appraisal Foundation. There was no discussion.

O. AARO

Director Kohtz asked for discussion pertaining to AARO. There was no discussion.

P. LAWS, RULES, AND GUIDANCE DOCUMENTS

1. LAWS

a. Real Property Appraiser Act

i. Appraiser Background Requirements

Director Kohtz brought attention to the current language found in Neb. Rev. Stat. § 76-2227, and informed the Board that the Real Property Appraiser Qualifications Criteria effective as of January 1, 2015 was the first instance in which the AQB included language to establish background requirements for appraiser credentialing. Nebraska, along with other states, incorporated these requirements into its language when developing background requirements. Right before the 2015 Criteria became effective, the AQB removed the background requirements from the criteria due to push-back received. At the time, Nebraska, and most other states, had no option but to implement the appraiser background requirements that became law. In 2015, the AQB approved new background requirements. This new language is the same language found in the current criteria. After discussing the changed language, the Board agreed that the general nature of the new AQB language should be included in the Real Property Appraiser Act to ensure that the intent of the new language found in the criteria is met. The Director asked, "As preparation begins for the next USPAP update bill, does the Board want to make changes to the appraiser background check requirements found in the Real Property Appraiser Act to simplify the language, or leave the language as it is currently written?" Director Kohtz indicated that the current language includes many layers that are not required by the criteria and can be simplified. However, the current language is very specific and provides excellent guidance to staff when evaluating applicant backgrounds. The Director concluded by saying that he discussed making changes to this section with Bill Marienau during the previous session. Mr. Marienau recommended that the Board make a wholesale change to the language, not tweak it. Chairperson Hynek asked the Director if the current language is more stringent than the federal requirements. Director Kohtz answered, "No, the current language is simply more words but is not more burdensome. The processes and procedures for background check requirements would not change." The Board agreed to explore changes to the background requirements language. There was no further discussion.

ii. Scope of Practice as it Relates to Experience

Director Kohtz reported that the scope of practice definitions for licensed residential and certified residential real property appraisers do not allow these appraisers to perform work outside of their scope of practice, even under the responsible charge of another appraiser. Title 298 indicates that experience must be gained as a credentialed appraiser to qualify for a higher classification, which is what has been referenced for allowing an appraiser to practice outside of his or her scope under another appraiser who is qualified. The Director said there is no language specifically approving this relationship for the licensed residential or certified residential real property appraiser. Board Member Mustoe indicated that the appraiser legally qualified to perform the work in question is responsible for the work of the licensed residential or certified residential real property appraiser under him or her, and expressed doubt that there would ever be a challenge to this. Board Member Mustoe concluded by saying that, in his opinion, the scope of practice definitions are meant for work completed by an appraiser individually. The other board members expressed agreement with Board Member Mustoe. There was no further discussion.

b. Appraisal Management Company Registration Act: No discussion.

c. Processes and Procedures

Director Kohtz provided a summary of the typical process the Board goes through for bill drafting and introduction, and informed the Board that the relationship built with the Banking, Commerce, and Insurance Committee Legal Counsel during the drafting phase pays off during the committee hearing and once the bill reaches the floor. The Board expressed confidence in the current process as described. There was no further discussion.

d. Short and Long Term Goals and Objectives

- Work with the Banking Commerce and Insurance Legislative Committee's Legal Counsel to draft a bill to be introduced addressing the changes needed in the Real Property Appraiser Act for implementation of the 2020-21 Edition of USPAP, and if applicable, changes to background requirements language (short-term).
- Continue to address federal requirements and guidelines as they become known (long-term)

Break from 2:20 p.m. to 2:26 p.m.

2. RULES

a. Title 297: No discussion.

b. Title 298

Director Kohtz reminded the Board that the next step is to complete a draft of Title 298 for the LB77 changes, which will incorporate the other topics discussed during this meeting. There was no further discussion.

c. Processes and Procedures

Director Kohtz summarized the process for rules updates to the Board and asked for questions or comments. There was no further discussion.

d. Short and Long Term Goals and Objectives

- Complete draft of Title 298 and include changes related to LB77, clarification of supervisory appraiser/trainee course completion requirements for supervisory appraiser applicants, and clarification of online education activities completed in other jurisdictions (short-term).

3. GUIDANCE DOCUMENTS

Director Kohtz asked for discussion pertaining to Guidance Documents. There was no discussion.

4. INTERNAL PROCEDURAL DOCUMENTS

Director Kohtz asked for discussion pertaining to Internal Procedural Documents. There was no discussion.

Q. FINANCIAL

1. REVIEW OF CURRENT FISCAL YEAR

The Board reviewed the expenses and revenues for the current fiscal year as of June 14, 2019. Director Kohtz informed the Board that he would not provide specific details because this information was covered at the Board's regular June meeting, and will be covered in detail at the July meeting after the fiscal year ends. The Director indicated that expenditures are far below budget and revenues are meeting projections, so it has been a good year financially. Director Kohtz reported that credential renewal revenues are strong as a result of rules changes that made it easier to renew. There was no further discussion concerning the current fiscal year.

2. 2019-22 PROJECTIONS

Director Kohtz presented three charts showing the 2019-22 financial projections. The Director informed the Board that the expenditures were based on the sixty percent, forty percent split between the Real Property Appraiser Fund and the AMC Fund that is currently in place. Director Kohtz indicated that he anticipates a significant reduction in the overall cash balance during the next fiscal year due to the completion of the database project and the transition from two-year to one-year renewals for AMCs. However, if the database project is removed from the projected expenditures, then projected revenue would exceed projected expenses. Once the Board gets through the next fiscal year, revenues are expected to realign with expenditures. There was no further discussion in regards to the 2019-22 financial projections.

3. FY 2019-20 BUDGET

Director Kohtz presented the preliminary FY 2019-20 budget to the Board for review, and highlighted the following items:

- Employee Salaries and Benefits (\$215,660.71)
- Board Member Per Diem Payments (\$9,500.00)
- Intern/Temporary Employee (\$7,445.12)
- AARO Travel (Budget includes funding for 1 Fall and 1 Spring Conference trip)
- Staff Education (\$1,500.00)
- Legal Services (\$35,000.00)
- Other Contractual Services (\$50,000.00)
- Funding for equipment repair and purchase, including software purchase (\$1,250.00)
- Other Operating Expenses (overage coverage of \$806.58)
- Budget includes the following changes from the FY 2018-19 appropriations:
 - Salary and Benefits (\$5,574.48)
 - CIO Expenses (\$1,400.00)
 - DAS Charges and Assessments (-\$1,147.00)

- Applicant Standard 3 Reviewer Fees/SME Fees are set at:

Applicant Reviews

Residential: 4 Hours x \$85.00 = \$340.00
2-4 Family: 6 Hours x \$85.00 = \$510.00
Agricultural: 8 Hours x \$85.00 = \$680.00
Commercial: 10 Hours x \$85.00 = \$850.00

SME

Residential: 6 Hours x \$100.00 = \$600.00
2-4 Family: 9 Hours x \$100.00 = \$900.00
Agricultural: 12 Hours x \$100.00 = \$1200.00
Commercial: 15 Hours x \$100.00 = \$1500.00

a. Policies and Procedures

i. AMC Fund/Appraiser Fund Split

Director Kohtz reported that the split between the real property appraiser fund and the AMC registration fund for expenditures would continue to be 60% from the real property appraiser fund and 40% from the AMC registration fund. The Director indicated that this split accurately represents the general expenditure breakdown between the real property appraiser program and the AMC registration program. There was no further discussion.

b. Goals and Objectives

Director Kohtz asked for discussion pertaining to short and long-term goals and objectives. There was no discussion.

5. FEES

Director Kohtz asked for discussion pertaining to Fees. There was no discussion.

R. SWOT ANALYSIS

Director Kohtz informed the Board that it was time to review the SWOT Analysis. Director Kohtz reminded the Board that the analysis lists the strengths, weaknesses, opportunities, and threats of the agency. The Board retained the items from last year:

STRENGTHS

- Customer service
- Organization
- Staff depth
- Staff knowledge
- Adaptability
- Professional Diversity of Board

WEAKNESSES

- Inability to grow the industry
- Efficiency loss due to database
- Size of agency
- Regulatory and statutory regulations

OPPORTUNITIES

- Growth in appraiser field
- Continually evaluate how the Board and Agency operate

THREATS

- Agency turnover
- Federal agency oversight
- State economic climate
- Aging appraiser population

S. ADJOURNMENT

Board Member Mustoe moved to adjourn the meeting. Board Member Luhrs seconded the motion. Motion carried with Mustoe, McCormick, Luhrs, Walkenhorst, and Hynek voting aye.

At 2:48 p.m. Chairperson Hynek adjourned the June 20, 2019 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on July 2, 2019, in compliance with Nebraska Revised Statutes §84-1413 (5).