

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

October 17, 2019 Meeting Minutes

A. OPENING

Board Member Gary McCormick called to order the October 17, 2019 meeting of the Nebraska Real Property Appraiser Board at 9:00 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

Board Member McCormick 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 October 7, 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 Gary McCormick of North Platte, Nebraska, Thomas Luhrs of Imperial, 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. Board Members Benjamin Hynek and Christopher Mustoe were absent and excused.

ADOPTION OF THE AGENDA

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

Board Member Luhrs 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. Board Member Walkenhorst seconded the motion. The time on the meeting clock was 9:03 a.m. The motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

Board Member Luhrs moved to come out of executive session at 9:30 a.m. Board Member Walkenhorst seconded the motion. The motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

G. WELCOME AND CHAIR'S REMARKS

Board Member McCormick offered no comments. Roger Morrissey was the only member of the public in attendance.

H. BOARD MEETING MINUTES

1. APPROVAL OF SEPTEMBER 19, 2019 MEETING MINUTES

Board Member McCormick asked for any additions or corrections to the September 19, 2019 meeting minutes. With no further discussion, Board Member McCormick called for a vote. Board Member Walkenhorst moved to adopt the September 19, 2019 meeting minutes as presented. Board Member Luhrs seconded the motion. The motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

I. DIRECTOR'S REPORT

1. APPRAISER COUNT REPORT

Director Kohtz presented seven charts outlining the number of appraisers as of October 17, 2019. The Director reported that trends were maintaining, and asked for any questions or comments. There was no further discussion.

2. TEMPORARY CREDENTIAL REPORT

Director Kohtz presented three charts outlining the number of temporary permits issued as of September 30, 2019, and informed the Board that it was a good month with eighteen temporary credentials issued. The Director then asked for any questions or comments. There was no further discussion.

3. SUPERVISORY APPRAISER COUNT REPORT

Director Kohtz presented two charts outlining the number of supervisory appraisers as of October 17, 2019. The Director informed the Board that he had no comments, and then asked for any questions or comments. There was no further discussion.

4. AMC COUNT REPORT

Director Kohtz presented two charts outlining the number of AMCs as of October 17, 2019. The Director informed the Board that trends were stable, and then asked for any questions or comments. There was no further discussion.

J. FINANCIAL REPORT AND CONSIDERATIONS – OCTOBER 2019

1. APPROVAL OF SEPTEMBER RECEIPTS AND EXPENDITURES

The receipts and expenditures for September were reviewed by the Director by line item with the Board in the Budget Status Report. Director Kohtz noted the \$646.61 Postage Expense, and stated that this expenditure includes the certified notices sent to those appraisers randomly selected for a background check related to credential renewals and the renewal reminder postcards sent to those appraisers whose credential expires on December 31st. Director Kohtz then brought attention to the \$5,271.84 Data Processing Expense. The Director reported that the majority of this expenditure is attributed to the online renewal application with electronic payment. Director Kohtz proceeded to the \$679.00 Commercial Transportation expense, and informed the Board that this expenditure was for the Director's flight to Washington D.C. for the Fall AARO Conference.

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The Director then guided the Board to revenues, and remarked that Qualifying Ed Course Fees revenue is at 280% of the projected amount. Director Kohtz indicated that he anticipated that the number of online qualifying education course applications received by the Board would drop after June, but that has not happened. Director Kohtz then addressed the revenue from AMC Application Fees, which is at 75% of the projected amount. The Director noted that, to date, Nebraska had experienced less attrition in the number of registered AMCs than he thought it would after the AMC Final Rule went into effect. The Director reported that there are currently around 95 registered AMCs in Nebraska.

As of the end of September, expenses amount to 25.89 percent of the budgeted expenditures for the fiscal year; 25.21 percent of the fiscal year has passed. Revenues are currently at 11.13 percent of the projected revenues for the fiscal year. Director Kohtz asked for any questions or comments. There was no further discussion.

Director Kohtz then moved to the General Ledger for September. The Director brought attention to an entry titled, "NRPAB OFFICE DEPOT SEP 2019." He explained that the entry should read as "July" instead of "SEP[tember]" because the entry moves forty percent of the July Office Depot expenditure to the AMC Fund, not the September expenditure, which has not been billed to date. The Director moved on to an entry with the description, "RECYCLING ENTERPRISES OF NE IN." This entry, explained the Director, is for the destruction of files by the Secretary of State's Records Management Division according to the retention schedule. Director Kohtz asked for any questions or comments. There was no further discussion.

Director Kohtz presented three graphs showing expenses, revenues, and cash balance. For the Real Property Appraiser Program, which includes both the appraiser fund and the AMC fund, a total of \$26,169.92 in expenditures and \$14,339.74 in revenues were reported. The Director then remarked that the cash balance for the AMC fund is \$237,380.11, the Appraiser Fund is \$263,195.14, and the overall cash balance for both funds is \$500,575.25. Director Kohtz asked for any questions related to the graphs. There was no further discussion.

Board Member Luhrs moved to accept and file the September 2019 financial reports for audit. Board Member Walkenhorst seconded the motion. The motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

2. PER DIEMS

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

K. GENERAL PUBLIC COMMENTS

Board Member McCormick asked for any public comments. With no comments, Board Member McCormick proceeded to Education.

L. CONSIDERATION OF EDUCATION-INSTRUCTOR REQUESTS

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

NEW CONTINUING EDUCATION ACTIVITIES AND INSTRUCTORS

OREP Education Network

Appraisal Adjustments II: Solving Complex Problems (2192497.19) / 7 Hours – *Approve*

Richard Hagar – *Approve*

McKissock LLC

The Cost Approach (2192498.03) / 7 Hours – *Approve*

Dan Bradley - *Approve*

Appraisal Institute

The Cost Approach: Unnecessary or Vital to a Healthy Practice? (219140A.02) /

7 Hours – *Approve*

Craig Steinley – *Approve*

Hondros College

National Appraising for the Supervisor and Trainee (319230B.34) / 4 Hours – *Deny*

Elizabeth Sigg (*no action*)

Seconded by Board Member Luhrs. Board Member McCormick called for the vote. The motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

M. UNFINISHED BUSINESS

1. ONLINE APPRAISER RENEWAL APPLICATION SUBMISSION PORTAL WITH ELECTRONIC PAYMENT

Director Kohtz reported that the project is still in the testing phase, but it is very close to moving on and should be ready at the beginning of next year. The Director asked for any questions or comments. There was no further discussion.

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

Director Kohtz reported that one application has been received for the open 3rd Congressional District Certified Real Property Appraiser Representative position to date, and reminded board members to let him know if there were any comments or feedback to provide to the Governor's office concerning this appointment. Director Kohtz added that comments may be made directly to the Governor's office as well. Board Member Luhrs asked how long the position would be open to applicants. Director Kohtz responded that it would be open until the appointment is made, and that the Governor's office would consult with him regarding suitability of applicants prior to an appointment being made. Board Members Luhrs and McCormick expressed support for the current applicant. Director Kohtz remarked that he would pass this feedback on to the Governor's office.

3. RENEWAL SEASON TEMPORARY EMPLOYEES

Director Kohtz reported that two interns have been hired, Whitney Parker and Louise Wiseman; both are currently students at the University of Nebraska at Lincoln. The Director informed the Board that both individuals are very bright and will be a good fit with the staff. Director Kohtz invited Ms. Wiseman to appear before the Board to introduce herself. Ms. Wiseman gave a brief introduction, and informed the Board that she comes from an agriculture background and is interested in the appraisal process. Ms. Wiseman indicated that she has completed a previous internship at a financial institution. Director Kohtz informed the Board that Ms. Wiseman is also on the UNL rodeo team. The Board welcomed Ms. Wiseman.

N. NEW BUSINESS: No discussion.

O. LEGISLATIVE REPORT AND BUSINESS

1. NEBRASKA REAL PROPERTY APPRAISER ACT UPDATE

a. REQ04001

Director Kohtz presented REQ04001 to the Board for consideration, and reported that, other than being in the bill draft format, there are no major changes since the Board's previous review. During development of the bill draft, some instances of "appraiser" being used instead of "real property appraiser" were found by bill drafting, so those have been cleaned up. There were no changes made to the two "appraising without a credential" statutes, as it was determined that it would be best to keep these statutes separate since one refers to a criminal violation and one refers to an administrative violation. Other than some non-substantive language tweaks made for clarity, there were no other changes made. Director Kohtz informed the Board that if approved, the next step is to send the draft out for public review. Board Member Luhrs moved to approve REQ04001 as presented and request public comments. Board Member Walkenhorst seconded the motion. The motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

2. TITLE 298 UPDATE

Director Kohtz presented pages 45 through 52 of Title 298_October 8, 2019 Draft to the Board for consideration. The Director informed the Board that the amended language referenced is highlighted in yellow. Director Kohtz explained that during review of an application for an online supervisory appraiser and trainee course, it became clear that some obstacles remain in place for education providers wishing to offer this course. The Director informed the Board that the rules were written for the supervisory appraiser and trainee course requirements under the premise that the course would be offered in a classroom only, and only by local education providers. When the Board eased the requirements for this activity, the door was opened for many more education providers, but some of the requirements make it difficult for such providers to develop a course that meets the Board's standards. In this draft, the requirement that attendance be one hundred percent is stricken, as well as the requirement that the final exam be proctored. Additionally, the requirement for two hours of elective education is stricken. The requirement is burdensome, since a course can be as short as two hours in length. Director Kohtz noted that the electives requirement remains without a time requirement since electives are intended to meet the "Overview of Jurisdictional Requirements" in the criteria.

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Board Member McCormick asked when these changes would go into effect if approved by the Board. Director Kohtz replied that it would be a long time, but they would be part of a Title 298 update that is already in motion. The Director asked the Board if it liked the idea of further easing the requirements for providing this course. Board Member Luhrs indicated that he had no strong opinion. Board Member McCormick expressed support for the changes. The Director finished by informing the Board that Title 298_October 8, 2019 Draft includes no changes other than what was presented. Board Member Luhrs moved to approve the Title 298_October 8, 2019 Draft as presented. Board Member Walkenhorst seconded the motion. The motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

3. OTHER LEGISLATIVE MATTERS: No discussion.

P. ADMINISTRATIVE BUSINESS

1. GUIDANCE DOCUMENTS: No discussion.

2. INTERNAL PROCEDURAL DOCUMENTS: No discussion.

3. FORMS, APPLICATIONS, AND PROCEDURES

Director Kohtz presented the Nebraska Real Property Appraiser Credentialing Applicant Appraisal Review Services Agreement and the NRPAB Subject Expert Services Agreement to the Board for consideration. The Director guided the Board to page P.12, and reported that Department of Administrative Services State Accounting Division recommended that the Board include a written statement in the two service agreements indicating that the Board's contract reviewers' costs for travel and lodging shall be claimed, and reimbursements shall be made, in accordance with the Nebraska Real Property Appraiser Board and the State of Nebraska policies. The Director informed the Board that all accounting policies are already enforced, so the only difference is that the statement is written into the contract agreement. Director Kohtz finished by saying that the change is the same in both documents, and there were no other changes made to either documents. The Director asked for any questions or comments. With no further discussion, Board Member Luhrs moved to approve the Nebraska Real Property Appraiser Credentialing Applicant Appraisal Review Services Agreement and the NRPAB Subject Expert Services Agreement as presented. Board Member Walkenhorst seconded the motion. The motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

Q. OTHER BUSINESS

1. BOARD MEETINGS: No discussion.

2. CONFERENCES/EDUCATION

a. Duerig 2019 Investigator Level 3 Report

AS Duerig reported that she attended The Appraisal Foundation's third level of Investigator Training in Portland, Oregon from September 16th through 18th. She stated the presenters were Tom Lewis, the Deputy Director of the North Carolina Appraisal Board, and Larry Disney, the former Executive Director for the Kentucky Real Estate Appraisers Board. AS Duerig provided a brief description of the training. The discussion topics included common USPAP questions, how agencies are looking at evaluations, and report writing techniques. AS Duerig reported more group work in this level than the previous two, and that made for a fitting conclusion to the training. The third day ended with a mock administrative hearing that the class had prepared for in groups. Board Member McCormick thanked AS Duerig for her report.

3. MEMOS FROM THE BOARD: No discussion.

4. QUARTERLY NEWSLETTER: No discussion.

5. APPRAISAL SUBCOMMITTEE: No discussion.

6. THE APPRAISAL FOUNDATION

a. Second Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria

Director Kohtz presented the The Appraisal Foundation's "Second Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria" to the Board for review. The Director brought attention to the section found on page Q.5, and informed the Board that the level of disciplinary action that affects a supervisory appraiser's eligibility is amended to be only those actions in which a supervisory appraiser's certification is canceled, surrendered in lieu of discipline, suspended, or revoked for a substantive cause related to appraisal practice. Director Kohtz remarked that this change would relieve those real property appraisers whose credential has been suspended for what is called an "administrative reason" by some states. The Director asked for any questions or comments. There was no further discussion.

b. TAF Statement: Bunton Pleaded Homebuyer Assistance Act Passes House of Representatives

Director Kohtz presented the "TAF Statement: Bunton Pleaded Homebuyer Assistance Act Passes House of Representatives" to the Board for review. The Director informed the Board that the Homebuyer Assistance Act would expand opportunities for licensed real property appraisers to once again perform appraisals for FHA loans. Director Kohtz brought attention to the legislative process and indicated that many bills seem to pass the House, but never reach the Senate's agenda, so if or when this bill will progress is unknown. The Director asked for any questions or comments. There was no further discussion.

7. ASSOCIATION OF APPRAISER REGULATORY OFFICIALS: No discussion.

8. IN THE NEWS

a. Appraisal Buzz Article – Looking Ahead at the Industry

Director Kohtz presented the Appraisal Buzz article titled “Looking Ahead at the Industry” to the Board for review. The Director provided a summary of the article to the Board, and touched on some specific highlights. First, Fannie Mae is currently offering waivers on about 10% of loans where no appraisal is required, and that number could increase to as much as 40% in the near future. Director Kohtz commented that this would drastically lower the number of available appraisal assignments. The Director then mentioned that the GSEs are updating the uniform data set and plan to revise the appraisal reporting process to a modulator reporting system. Director Kohtz indicated that he is unsure what a modulator reporting system is. Public Member Roger Morrissey was granted permission to speak. Mr. Morrissey declared that the Appraisal Institute already has a reporting system where the appraiser only completes the sections relevant to the assignment, and leaves out what isn’t necessary. Mr. Morrissey clarified that the appraiser still has to fully explain the reasoning and methods used, including why an approach was not used. In reference to the Bifurcated appraisal process, Mr. Morrissey asked, “If we move to a bifurcated system, what is the standard for the information that is given to appraisers by other organizations?” Director Kohtz replied that in Nebraska the appraiser determines if the information received is credible, as has always been the case. The Director added that some states have begun to make rules for this data, but he has not seen a need to do so in Nebraska. Mr. Morrissey asked if there was a form for non-appraisers to use. Director Kohtz replied that he was not sure. The Director expressed hesitation for creating rules for property inspections, because a set of data about a property could technically meet the requirements of the rules, but could still be poor or insufficient for a specific assignment. If this occurred, the Director reasoned that the appraiser’s credibility might be compromised. Director Kohtz added that, as of now, if an appraiser feels that the data is credible, but he or she is unable to verify the data, an extraordinary assumption could be used. The Director then moved to his final point, and informed the Board that Fannie Mae reports that about half of the purchase transactions that qualify for a waiver do not take advantage of the waiver as the purchase contract has an appraisal contingency. Director Kohtz asked for any questions or comments. There was no further discussion.

C. CONSIDERATION OF APPLICANTS FOR CREDENTIAL AS NEBRASKA REAL PROPERTY APPRAISER

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

- T19014 / Approve as Trainee Real Property Appraiser. Send advisory letter.**
- T19015 / Approve as Trainee Real Property Appraiser. Send advisory letter.**
- CR19012 / Education and experience accepted. Approve to sit for exam, and authorize Director to issue a credential as a Certified Residential Real Property Appraiser upon successful completion of exam.**
- CG19019 / Education and experience accepted. Approve to sit for exam, and authorize Director to issue a credential as a Certified General Real Property Appraiser upon successful completion of exam.**

CG2017036R / Approve for renewal of Certified General Real Property Appraiser credential. Send advisory letter.

Board Member Walkenhorst seconded the motion. Motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

D. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY

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

NE2019006 / Approve for registration as an Appraisal Management Company.

Board Member Walkenhorst seconded the motion. Motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

E. CONSIDERATION OF COMPLIANCE MATTERS

Board Member Luhrs moved to take the following actions for compliance matters as listed:

- 19-16 / Proceed with investigation for the alleged violation of Neb. Rev. Stat. §§ 76-2237 and 76-2238 (4), (12), (15), (16), (18).**
- 17-04 / Dismiss without prejudice; send advisory letter.**

Board Member Walkenhorst seconded the motion. Motion carried with McCormick, Luhrs, and Walkenhorst voting aye.

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS: No discussion.

R. ADJOURNMENT

Board Member Luhrs moved to adjourn the meeting. Board Member Walkenhorst seconded the motion. Motion carried with McCormick, Luhrs, and Walkenhorst voting aye. At 10:23 a.m., Board Member McCormick adjourned the October 17, 2019 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on October 24, 2019, in compliance with Nebraska Revised Statute § 84-1413 (5).