

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

May 16, 2024 Meeting Minutes

A. OPENING

Chairperson Downing called to order the May 16, 2024 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

Chairperson Downing 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 May 9, 2024. The agenda was kept current in the Nebraska Real Property Appraiser Board office and on the Board's website. In accordance with the Open Meetings Act, at least one copy of all reproducible written material for this meeting, either in paper or electronic form, was available for examination and copying by members of the public. The material in paper form was available on the table in a public folder, and the material in electronic form was available on the Board's website in Public Meeting Material (https://appraiser.ne.gov/board_meetings/). A copy of the Open Meetings Act was available for the duration of the meeting. For the record Bonnie Downing of Dunning, Nebraska, Cody Gerdes of Lincoln, Nebraska, Kevin Hermsen of Gretna, Nebraska, Rodney Johnson of Norfolk, Nebraska, and Derek Minshull of North Platte, Nebraska were present. Also present were Director Tyler Kohtz, Business Programs Manager Karen Loll, Licensing Programs Manager Allison Nesper, and Education Program Manager Kashinda Sims, who are headquartered in Lincoln, Nebraska.

ADOPTION OF THE AGENDA

Chairperson Downing reminded those present for the meeting that the agenda cannot be altered twenty-four hours prior to the meeting except for emergency items according to the Open Meetings Act. Board Member Minshull moved to adopt the agenda as printed. Board Member Gerdes seconded the motion. With no further discussion, the motion carried with Gerdes, Hermsen, Johnson, Minshull, and Downing voting aye.

Board Member Gerdes 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 Minshull seconded the motion. The time on the meeting clock was 9:03 a.m. The motion carried with Gerdes, Hermsen, Johnson, Minshull, and Downing voting aye.

Brian Morrissey appeared before the Board from 9:15 a.m. to 9:28 a.m.

Board Member Johnson exited the meeting at 9:30 a.m.

Board Member Johnson returned to the meeting at 9:31 a.m.

Break from 10:28 a.m. to 10:40 a.m.

Board Member Minshull moved to come out of executive session at 11:37 a.m. Board Member Hermsen seconded the motion. The motion carried with Gerdes, Hermsen, Johnson, Minshull, and Downing voting aye.

G. WELCOME AND CHAIR'S REMARKS

Chairperson Downing welcomed all to the May 16, 2024 meeting of the Nebraska Real Property Appraiser Board. The Chairperson recognized Roger Morrissey as the only member of the public in attendance.

H. BOARD MEETING MINUTES

1. APPROVAL OF APRIL 18, 2024 MEETING MINUTES

Chairperson Downing asked for any additions or corrections to the April 18, 2024 meeting minutes. With no discussion, Board Member Downing called for a motion. Board Member Johnson moved to approve the April 18, 2024 meeting minutes as presented. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With no discussion, Chairperson Downing called for a vote. The motion carried with Gerdes, Hermsen, Johnson, Minshull, and Downing voting aye.

I. DIRECTOR'S REPORT

1. REAL PROPERTY APPRAISER AND AMC COUNTS AND TRENDS

a. Real Property Appraiser Report

Director Kohtz presented seven charts outlining the number of real property appraisers as of May 16, 2024 to the Board for review. The Director reported that trends were stable and indicated that he had no specific comments. Director Kohtz asked for any questions or comments. There was no further discussion.

b. Temporary Real Property Appraiser Report

Director Kohtz presented three charts outlining the number of temporary credentials issued as of April 30, 2024 to the Board for review. The Director reported that trends were stable and indicated that he had no specific comments. Director Kohtz asked for any questions or comments. There was no further discussion.

c. Supervisory Real Property Appraiser Report

Director Kohtz presented two charts outlining the number of supervisory real property appraisers as of May 16, 2024 to the Board for review. The Director reported that trends were stable and indicated that he had no specific comments. Director Kohtz asked for any questions or comments. There was no further discussion.

d. Appraisal Management Company Report

Director Kohtz presented two charts outlining the number of AMCs as of May 16, 2024 to the Board for review. The Director reported that trends were stable and indicated that he had no specific comments. Director Kohtz asked for any questions or comments. There was no further discussion.

2. DIRECTOR APPROVAL OF APPLICANTS

a. Education Activity and Instructors Report

Director Kohtz presented the Education Activities and Instructors Report to the Board for review showing education activities and instructors approved by the Director for the period between April 10, 2024 and May 7, 2024. The Director asked for any questions or comments. There was no further discussion.

3. 2023-24 NRPAB GOALS AND OBJECTIVES + SWOT ANALYSIS

Director Kohtz presented the 2023-2024 NRPAB Goals and Objectives and SWOT Analysis to the Board for review and reported that he had no update this month. There was no further discussion.

J. FINANCIAL REPORT AND CONSIDERATIONS

1. APPROVAL OF APRIL RECEIPTS AND EXPENDITURES

The receipts and expenditures for April were presented to the Board for review in the Budget Status Report. Director Kohtz brought attention to the Other Operating Expense in the amount of \$40.00 and reported that this expenditure pertains to payments made to the State Treasurer's Office for two ACH returns for insufficient funds; each charge is \$20.00. The Director remarked that this cost is recouped when the new payment is received. The Director then indicated that the expenditures for the month of April totaled \$29,518.68, and the year-to-date expenditures for the fiscal year are \$305,967.08, which amounts to 67.36 percent of the budgeted expenditures for the fiscal year; 83.56 percent of the fiscal year has passed. Director Kohtz noted that the expenses were low for this point in the year.

Director Kohtz next turned the Board's attention to revenues and indicated that he had no specific comments pertaining to any individual account code. The Director informed the Board that revenues for the month of April were \$14,600.10, and that the year-to-date revenues for the fiscal year are \$327,276.90, which amounts to 89.52 percent of the projected revenues for the fiscal year. Director Kohtz reiterated that 83.56 percent of the fiscal year has passed. The Director asked for any questions or comments. Board Member Minshull inquired as to the nature of the investment income sources. Director Kohtz reported that State Treasury is responsible for investing the state funds and that he is unaware of where or how the funds are being invested. The Director added that he could obtain this information if the Board is interested. Board Member Minshull indicated that it would not be necessary.

Director Kohtz then guided the Board to the MTD General Ledger Detail report for the month of April and brought attention to Batch #7444928 with the Payee/Explanation, "Treasurer, State" found on page J.7 for \$40.00. The Director reported that this payment was for two ACH returns for insufficient funds.

Director Kohtz presented four graphs showing expenses, revenues, and cash balances. The Director noted expenditures of \$29,518.68 and revenues of \$14,600.10 for the month of April for the Real Property Appraiser program, which includes both the Appraiser Fund and the AMC Fund. The Director reported that the Real Property Appraiser Fund expenditures totaled \$19,566.50, the Real Property Appraiser Fund revenues totaled \$4,770.11, the AMC Fund expenditures totaled \$9,952.18, and the AMC Fund revenues totaled \$9,829.99. Director Kohtz remarked that the cash balance for the AMC Fund is \$328,362.80, the Appraiser Fund is \$433,611.29, and the overall cash balance for both funds is \$761,974.09. The Director asked for any questions or comments. There was no further discussion.

Board Member Johnson moved to accept and file the April financial reports for audit. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With no discussion, Chairperson Downing called for a vote. The motion carried with Gerdes, Hermsen, Johnson, Minshull, and Downing 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

Chairperson Downing asked for any public comments. With no comments, Chairperson Downing moved on to Education.

L. EDUCATION

1. Rescission of Approval of Education Activities

a. 2191453.02: Appraisal Institute – Litigation Appraising: Specialized Topics and Applications

EPM Sims presented a summary to the Board concerning the Appraisal Institute activity titled “Litigation Appraising: Specialized Topics and Applications.” The education provider indicated that the activity should have been approved as qualifying education and has requested that approval as a continuing education activity be rescinded. The activity, which was approved on July 18, 2019, is currently set to expire on July 18, 2024.

Public Member Roger Morrissey requested permission to address the Board. Chairperson Downing granted permission to Morrissey to speak. Morrissey inquired if this activity would be approved after July. EPM Sims responded that the rescission would be effective today. Director Kohtz stated that the provider would have to apply for the activity to be approved in the future. Morrissey expressed interest in completing the activity if it is approved again in the future.

Board Member Gerdes moved to rescind approval for the education activity titled, "Litigation Appraising: Specialized Topics and Applications" (2191453.02) as requested by the education provider. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With no further discussion, Chairperson Downing called for a vote. The motion carried with Gerdes, Hermsen, Johnson, Minshull, and Downing voting aye.

M. UNFINISHED BUSINESS: No discussion

N. NEW BUSINESS: No discussion

O. LEGISLATIVE REPORT AND BUSINESS: No discussion.

P. ADMINISTRATIVE BUSINESS: No discussion.

Q. OTHER BUSINESS

1. BOARD MEETINGS: No discussion.

2. CONFERENCES/EDUCATION:

a. Kohtz Spring AARO Conference Report

Director Kohtz reported that he attended the 2024 Spring AARO Conference May 3-5, 2024 in Nashville, TN. The Director provided a detailed summary of the conference for the board members to review, and noted the following highlights:

- Jim Park, Executive Director for ASC, provided the ASC Update. A summary of the regulatory structure and the ASC's place in the regulatory structure, along with an overview of the ASC's mission and responsibilities was provided. In 2024, Appraiser and AMC program compliance reviews were completed in fourteen states and 37 state programs are in process. The ASC is working on State Enforcement Rulemaking. Dodd-Frank gave the ASC enforcement authority to use in advance of or to avoid derecognition, including suspensions, removal of appraisers or AMCs from National Registries. The ASC also continues to focus on appraisal bias and lack of diversity in the profession. A summary of the Appraiser Registry was provided, which shows a slow increase for the certified general classification and a slow decrease for the certified residential classification; the licensed residential classification is stable. Overall, the number of appraisers is steady. Diversity within the industry is improving. In 2020, 97.5% of appraisers were white and 70% were male, and in 2022, 92.4% of appraisers were white and 55.5% were male. The FHFA Blog also shows bias improvement through the UAD statistics. The ASC Grants Program was also discussed; the ASC has an approved budget of \$2,025,000 for FY24. Federal Legislation identified during the ASC Update includes the PAL Act and Appraisal Improvement Act. Park finished by describing recent ASC staffing changes, including new staff: Kelly Luteijn, Jonny Stewart, and John Brenan.

- Kelly Davids of The Appraisal Foundation provided a brief summary of the AARO-ASC-TAF Partnership. Davids identified the following as important for building for the future and building public trust:
 - 40 listening sessions completed and 50 to go; including 6 of 7 ASC agencies.
 - Outreach includes White House, Capitol Hill, speaking events, and interviews.
 - Themes emerging include more collaboration and less divisiveness, building the next generation, and bringing folks together to tackle current and emerging issues.
 - Partners have replaced sponsors at TAF.
 - BOT governance changes have been implemented.

Finally, TAF resources were discussed including newsletter, podcast, and website documents.

- The Appraisal Standards Board adopted the 2024 USPAP on May 5, 2023. The 7-Hour National USPAP course was updated to include anti-discrimination content and more interaction. Recently released Q&As were summarized. Finally, the ASB is working on consideration of Advisory Opinions.
- Appraiser Qualifications Board provided a summary of the AQB's authority and function, the 2026 Criteria, and the AQB Approved Degree Program. The AQB also provided an overview of PAREA. AQB is currently reassessing the Real Property Appraiser Qualifications Criteria and is working on a research paper.
- Lyle Radke of Fannie Mae provided the Fannie Mae Update. The Appraiser Quality Monitoring (AQM) program was summarized and statistics provided showing that States Tips and Referrals are increasing from year to year. The common issues Fannie Mae sees in appraisals were summarized. Reconsideration of Value (ROV) was published May 1, 2024 and will be implemented on August 29, 2024. The three pillars include Lender Responsibilities, Borrower Rights and Responsibilities, and Appraiser Rights and Responsibilities. Appraisers must provide a revised appraisal within the defined term.

- Danny Wiley of Freddie Mac provided the Freddie Mac Update. Freddie Mac is focused on greater appraiser accountability. Specifically, text detection is being used to discover unsuitable words and phrases, Loan Collateral Advisor warnings, and hard stops. The trigger rate for subjective words has decreased from 7.76% to 3.62% and trigger rate for unsuitable words has decreased from 6.02% to 0.10% in six months. Freddie Mac's Market Condition Analysis was also discussed. Unacceptable appraisal practices include the use of inordinate adjustments for differences between the subject property and comparable sales that do not reflect the market's reaction to such differences, and the failure to make proper adjustments when they are clearly necessary. It was noted during the presentation that desktop appraisals and waivers are a very small percentage Freddie Mac's volume. Tools and Technology and Buydowns and Seller Concessions were also covered. Wiley closed the Freddie Mac Update by expressing dissatisfaction with states complaint submission processes.
- The Executive Directors and Administrators Roundtable included several topics. Implementation of the 2026 Criteria, complaints by non-intended users, the adoption of PAREA and implementing practicum courses, the licensing of data collectors in each state, and active bias and discrimination cases were all discussed.
- Regeane Frederique, ASC Grants Director, gave a presentation on the ASC Grants Program. The current funding available to states, types of projects, SARAS grants, and how to apply were all covered. As part of the ASC Grants Program presentation, Erin Dixon from the State of Illinois discussed how the Illinois Division of Real Estate applied for the ASC grant and became one of the first states to be awarded this grant.
- "Regulator Dos and Don'ts" offered relevant information in an entertaining gameshow format.
- A presentation was given on the fair housing course implementation and understanding the role of the consumer in the regulatory system. The Appraisal Foundation provided an overview of requirements for, and the content of, the Valuation Bias and Fair Housing Laws and Regulations course. Karen Freeman-Olson, President and CIO of the Chicago Urban League, gave a presentation on the mission of the Council to Advance Residential Equity (CARE) and the role of regulators in fair housing. David Young, Director of Capacity Building for the Housing Action in Illinois, also brought attention to consumer benefits and protections.
- A presentation by Jose Jimenez was given on the impact of technology and AI.
- The final presentation, "Top Ten USPAP Conundrums," was given by Lisa Desmaris and Michelle Czekalski-Bradley of The Appraisal Foundation and Julie Molendorp-Floyd of McKissock.

Board Member Minshull brought attention to the final bullet point regarding this presentation, “Rudeness or lateness is not a USPAP violation,” and commented on the importance of keeping this in mind.

The Director concluded the summary of the conference and asked the Board for any questions or comments. Board Member Minshull inquired about the typical attendee at the conference. Director Kohtz responded that most attendees were staff from state appraiser regulatory agencies, others were board members, AMC representatives and other industry persons. There was no further discussion.

3. MEMOS FROM THE BOARD: No discussion.

4. QUARTERLY NEWSLETTER: No discussion.

5. APPRAISAL SUBCOMMITTEE: No discussion.

6. THE APPRAISAL FOUNDATION

a. TAF May Newsletter

Director Kohtz presented The Appraisal Foundation’s May Newsletter to the Board for review and brought attention to “Upzoning Q&As” found on page Q.10. The Director indicated that he had questions regarding the Upzoning Q&As, which is why they were not included on the May agenda. Director Kohtz reported that he would present the Q&As to the Board after receiving a response to his inquiry from ASC Policy Manager Jonny Stewart. The Director asked for any questions or comments. There was no discussion.

b. TAF State Regulator Newsletter

Director Kohtz presented The Appraisal Foundation’s State Regulator Newsletter to the Board for review and reported that he had no specific comments. The Director asked for any questions or comments. There was no discussion.

7. ASSOCIATION OF APPRAISER REGULATORY OFFICIALS: No discussion.

8. IN THE NEWS: No discussion.

C. Credentialing as a Nebraska Real Property Appraiser:

The Board reviewed applicants L24001, CG23033, CG24002 and CG22852T. Chairperson Downing asked for motions on L24001, CG23033, CG24002 and CG22852T.

Board Member Gerdes moved to take the following action:

L24001 / Provide applicant with redacted copies of USPAP Compliance Review Reports and request that applicant develop a report for a non-traditional client on a single-family property that demonstrates competency in USPAP.

Board Member Hermsen seconded the motion. Chairperson Downing recognized the motion and called for a vote. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

Board Member Gerdes moved to take the following action:

CG23033 / Provide applicant with a redacted copy of the USPAP Compliance Review Report pertaining to the report for the property located in Fillmore County, Nebraska and approve applicant to sit for exam, and authorized Director Kohtz to issue a credential as a certified general real property appraiser upon providing evidence of successful completion of the National Uniform Licensing and Certification Examination and providing the necessary fees.

Board Member Hermsen seconded the motion. Chairperson Downing recognized the motion and called for a vote. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

Board Member Gerdes moved to take the following action:

CG24002 / The applicant's request for the Board to amend its April 18, 2024 action pertaining to the application is under consideration. Send the Seward County, Nebraska report for USPAP compliance review.

Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and called for a vote. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

Board Member Gerdes moved to take the following action:

CG22852T / Deny the Application for Renewal of Nebraska Real Property Appraiser Temporary Credential for failure to meet the requirement of Neb. Rev. Stat. § 76-2233.01(5) in accordance with 298 NAC Chapter 3, § 002.06.

Board Member Hermsen seconded the motion. Chairperson Downing recognized the motion and called for a vote. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

D. Registration as an Appraisal Management Company: No discussion

E. Consideration of Compliance Matters

The Board reviewed compliance matters 23-01, 23-08, 23-12, 24-02, 24-03, and 24-04. Chairperson Downing asked for a motion on 23-12, 24-02, 24-03, and 24-04.

Board Member Gerdes moved to take the following action:

24-02 / Dismiss with prejudice.

Board Member Hermsen seconded the motion. Chairperson Downing recognized the motion and called for a vote. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

Board Member Gerdes moved to take the following action:

24-03 / Dismiss without prejudice. Provide report to the Nebraska Real Estate Commission for consideration of any violations of the Real Estate Licensing Act.

Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and called for a vote. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

Board Member Gerdes moved to take the following action:

24-04 / Close.

Board Member Hermsen seconded the motion. Chairperson Downing recognized the motion and called for a vote. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

Board Member Gerdes moved to take the following action:

23-12 / Proceed with investigation for the alleged violations of Neb. Rev. Stat. § 76-2217.03, N.R.S. § 76-2237, and N.R.S. § 76-2238 (12), (14), and (19).

Board Member Hermsen seconded the motion. Chairperson Downing recognized the motion and called for a vote. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

F. Consideration of Other Executive Session Items

1. 2024.07

The Board reviewed 2024.07 and took no action as the education provider is working to resolve this matter. The Board will discuss this matter again at its June 20, 2024 meeting.

2. 2024.10

The Board reviewed an anonymous tip pertaining to a “Report of Appraisers” in a case before County Court of Butler County, Nebraska. No action was taken by the Board.

3. Personnel Matters

a. Director’s Performance Review Discussion

The Board discussed personnel matters. Board Member Gerdes moved to increase the Director’s salary by 10.0% for FY 2024-25, effective July 1, 2024. Board Member Hermsen seconded the motion. Motion carried with Gerdes, Hermsen, Johnson, Minshull and Downing voting aye.

R. ADJOURNMENT

Board Member Minshull moved to adjourn the meeting. Board Member Hermsen seconded the motion. The motion carried with Gerdes, Hermsen, Johnson, Minshull, and Downing voting aye. At 12:09 p.m., Chairperson Downing adjourned the May 16, 2024 meeting of the Nebraska Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on May 30, 2024, in compliance with Nebraska Revised Statute § 84-1413 (5).