

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

July 18, 2024 Meeting Minutes

A. OPENING

Chairperson Downing called to order the July 18, 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 July 12, 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, Kevin Hermsen of Gretna, Nebraska, and Derek Minshull of North Platte, Nebraska were present. Cody Gerdes of Lincoln, Nebraska and Rodney Johnson of Norfolk, Nebraska were absent and excused. Also present were Director Tyler Kohtz, Business Programs Manager Karen Loll, Licensing Programs Manager Allison Nespor, 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 Hermsen seconded the motion. With no further discussion, the motion carried with Hermsen, Minshull, and Downing voting aye.

Board Member Hermsen 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 9:02 a.m. The motion carried with Hermsen, Minshull, and Downing voting aye.

Brian Morrissey appeared before the Board from 9:15 a.m. to 9:23 a.m.

Break from 9:57 a.m. to 10:22 a.m.

Board Member Minshull moved to come out of executive session at 10:34 a.m. Board Member Hermsen seconded the motion. The motion carried with Hermsen, Minshull, and Downing voting aye.

Break from 10:35 a.m. to 10:40 a.m.

G. WELCOME AND CHAIR'S REMARKS

Chairperson Downing welcomed all to the July 18, 2024 meeting of the Nebraska Real Property Appraiser Board, thanked the members of the board for the quorum, and staff for their preparation. The Chairperson then recognized Roger Morrissey as the only member of the public in attendance.

H. BOARD MEETING MINUTES

1. APPROVAL OF JUNE 13, 2024 STRATEGIC PLANNING MEETING MINUTES

Chairperson Downing asked for any additions or corrections to the June 13, 2024 strategic planning meeting minutes. With no discussion, Board Member Downing called for a motion. Board Member Minshull moved to approve the June 13, 2024 strategic planning meeting minutes as presented. Board Member Hermsen 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 Hermsen, Minshull, and Downing voting aye.

2. APPROVAL OF JUNE 20, 2024 MEETING MINUTES

Chairperson Downing asked for any additions or corrections to the June 20, 2024 regular meeting minutes. With no discussion, Board Member Downing called for a motion. Board Member Minshull moved to approve the June 20, 2024 regular meeting minutes as presented. Board Member Hermsen 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 Hermsen, 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 eight charts outlining the number of real property appraisers as of July 18, 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. Real Property Appraiser Renewal Report

Director Kohtz presented three charts detailing the 2024-2025 real property appraiser renewals as of June 30, 2024, and informed the Board that the 2024-2025 renewal period has been closed. Director Kohtz reviewed the 2024-25 Percentage Projections/Actuals Renewal Progress Report and informed the Board that, although there have been variations in the renewal rates for each classification over the past five years, the overall renewal rate has been consistent at 92%. Except for 2023-24, which finished at 89%, the renewal rate for the certified general classification has been between 91% and 93%. Over the five-year period, the renewal rate for the certified residential classification has been mostly consistent. There was a 7% decline between 2022-23 and 2023-24, but that followed a 5% increase between 2021-22 and 2022-23. The licensed residential classification renewal rate was consistently at 95% to 96% until 2022-23, which was an unusual 78%. Since 2022-23, the renewal rate has been consistently at 91%. The renewal rate for the trainee classification varied between 86% and 72%. The Director informed the Board that there is no known pattern that explains the renewal rate variance for the trainee classification within the five-year period. Director Kohtz then reiterated the renewal rates for each classification for 2024-25. Next, the Director guided the Board to the 2024-25 Real Property Appraiser Renewal Process Report and indicated that, out of the 491 real property appraisers whose credential expired on December 31, 2023, 450 real property appraisers renewed. Chairperson Downing expressed satisfaction with the renewal rates for 2024-25. Director Kohtz finished by presenting a new chart created by LPM Nespor showing the percent of real property appraiser renewal applications considered late by year. Director Kohtz asked LPM Nespor to confirm that November 30th was used as the late renewal date. LPM Nespor confirmed this to be correct. Director Kohtz reported that the percent of late real property appraiser renewal applications received in 2024-25 were slightly higher than the previous four years. The Director asked for any questions or comments. There was no further discussion.

c. Temporary Real Property Appraiser Report

Director Kohtz presented three charts outlining the number of temporary credentials issued as of June 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.

d. Supervisory Real Property Appraiser Report

Director Kohtz presented two charts outlining the number of supervisory real property appraisers as of July 18, 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.

e. Appraisal Management Company Report

Director Kohtz presented two charts outlining the number of AMCs as of July 18, 2024 to the Board for review. The Director reported that there had been a couple more non-renewals and surrenders since the strategic planning meeting, which affected the budget projections for FY2024-25. Board Chair Downing inquired if other states were experiencing the same downward trend. Director Kohtz responded that other states were facing the same challenge and that the decline was not because of any Nebraska policy. Board Member Minshull indicated that more complicated banking regulations could be driving the AMCs towards consolidation. The Board agreed and thanked Board Member Minshull for that insight. 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 June 8, 2024 and July 9, 2024. The Director remarked that he had no specific comments and asked for any questions or comments. There was no further discussion.

3. 2024-25 NRPAB GOALS AND OBJECTIVES + SWOT ANALYSIS

The Director presented the 2024-25 NRPAB Goals and Objectives + SWOT Analysis to the Board for consideration. The Director reported that these documents reflect the Board's goals and objectives set during the strategic planning meeting in June. Director Kohtz informed the Board that he will continue to present a goals and objectives progress report at each monthly meeting. The Director asked the Board if the 2024-25 NRPAB Goals and Objectives + SWOT Analysis documents accurately reflect the Board's discussions during the strategic planning meeting. Chairperson Downing confirmed that the document captured the objectives and goals discussed during the strategic planning very well. The Board agreed with the Chairperson's assessment. Director Kohtz then requested a motion to approve the 2024-25 NRPAB Goals and Objectives + SWOT Analysis. Chairperson Downing called for a motion. Board Member Hermsen moved to approve the 2024-25 NRPAB Goals and Objectives + SWOT Analysis 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 Hermsen, Minshull, and Downing voting aye.

J. FINANCIAL REPORT AND CONSIDERATIONS

1. APPROVAL OF JUNE RECEIPTS AND EXPENDITURES

Director Kohtz reported to the Board that the 2023-2024 fiscal year has closed and informed the Board that he will provide a summary for both the June expenditures and revenues and the fiscal year expenditures and revenues.

The Director began with the receipts and expenditures for the 2023-24 fiscal year. Director Kohtz reported that 100.27% of the year had elapsed and the expenditures for the fiscal year were \$381,872.83, which is 84.07 percent of the budgeted. The Director also informed the Board that PSL expenditures for the fiscal year ended at \$211,620.44, which is 97.16 percent of budgeted. According to Director Kohtz, the expenditure to budget ratio is typical for the Board.

Director Kohtz then moved to the object code accounts and brought attention to the Publication & Print expenses. The Director explained that the \$1,333.01 expenditure for the year was deceptively low due to the contract for the Board's copier expiring. Director Kohtz informed the Board that its copier has been replaced and the Publication & Print expenses will be around 80 percent the budgeted amount for the next fiscal year. The Director then guided the Board's attention to the \$1,200.00 Conference Registration costs and informed the Board that registration costs exceeded the budget by \$100.00 due to an AARO Conference fee increase during this fiscal year. Director Kohtz commented that the Legal Services Expenses and Legal Related Expenses finished at 5.95 percent and 0.03 percent of budgeted, and indicated that there were very few expenditures for these object code accounts. The Director emphasized the Board's responsible use of funds related to compliance matters. Director Kohtz then brought attention to Insurance Expenses and reported that these expenditures finished at 107.18 percent of budgeted, but that only translates to \$3.51 over budget. For the fiscal year, Travel Expenses finished at \$11,742.21, and 78.77 percent of budgeted.

Director Kohtz then directed the Board's focus to revenues for the fiscal year and informed the Board that revenues finished at \$355,510.65 for the fiscal year, which is 97.25 percent of projected. The Director moved on to the specific object code accounts and noted that the revenues for Continuing Ed New Fees finished at 78.33 percent of projected, and the revenues for Qualifying Ed Course Fees finished at 230.00 percent of projected. The Director informed the Board that these revenues are difficult to project due to the unknown volume from year to year. Director Kohtz proceeded to present the real property appraiser and AMC renewal revenues. The Director informed the Board that the revenues for the certified general classification exceeded projections, but the licensed and certified residential classifications failed to reach the projections. Director Kohtz indicated that, although overall the revenues met projections, the differences within the classifications are due to a difference between one- and two-year renewals. The Director mentioned that AMC renewal revenues finished the fiscal year at \$105,000.00, which is 92.11 percent of budgeted. The slow downward trend in the number of registered AMCs continued this fiscal year. Director Kohtz then discussed new credential and AMC revenues and informed the Board that all real property appraiser classifications were below projections, but mentioned that this is not a cause for alarm. According to the Director, the Board was coming off of a couple of high revenue years for new credentials and the revenues at the end of the fiscal year are well within the average range for each classification. The revenues for new AMCs met projections.

The receipts and expenditures for June were presented to the Board for review in the Budget Status Report. Director Kohtz informed the Board that he had no specific comments on any object code accounts. The Director then proceeded to overall expenditures for the month, and indicated that the expenditures for the month of June totaled \$31,183.44. Director Kohtz next turned the Board's attention to revenues and once again informed the Board that he had no specific comments on any object code accounts. The Director declared that revenues for the month of June were \$10,833.00, which is significantly lower than what was expected. Director Kohtz indicated that he had no explanation for the low revenues for June, then added that, for comparison, the revenues for halfway through July were already at \$17,052.00.

Director Kohtz informed the Board that two new Budget Status Reports have been added to the Financial Report and Considerations, one specific to the Real Property Appraiser Fund, and one specific to the AMC Fund. These reports show the budgeted expenditures, expenditures, projected revenues, and revenues for each program. The Director then reported that the Real Property Appraiser Fund finished the fiscal year with \$254,138.89 in expenditures, which is 82.17 percent of budgeted. \$309,294.71 is the budgeted amount for the 2023-24 fiscal year. The revenues for the Real Property Appraiser Fund were \$236,168.13 which is 99.22 percent of the \$238,029.75 projected. The Director noted that State Accounting still had not corrected the investment income error; approximately \$1,000.00 has not been applied to the Real Property Appraiser Fund. If the investment income was correctly applied, the revenues would be right at projected. Director Kohtz then moved to the AMC Fund. The Director reported that the AMC Fund finished the fiscal year with \$127,733.94 in expenditures, which is 88.14 percent of budgeted. \$144,918.09 is the budgeted amount for the 2023-24 fiscal year. The revenues for the AMC Fund were \$119,342.52 which is 93.57 percent of the \$127,550.00 projected. Chairperson Downing inquired if there was a way to identify which report was for Appraiser Fund and which was AMC Fund. Director Kohtz stated that currently there is not, but each report could be labeled in the future and asked BPM Loll to add labels to future reports.

Director Kohtz then guided the Board to the MTD General Ledger Detail report for the month of June and stated he had no specific comments. The Director asked for any questions or comments. There was no further discussion.

Director Kohtz presented four graphs showing expenses, revenues, and cash balances. The Director noted expenditures of \$31,183.44 and revenues of \$10,833.00 for the month of June 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 \$20,575.71, the Real Property Appraiser Fund revenues totaled \$5,153.94, the AMC Fund expenditures totaled \$10,607.73, and the AMC Fund revenues totaled \$5,679.06. Director Kohtz remarked that the cash balance for the AMC Fund is \$319,294.42, the Appraiser Fund is \$395,136.42, and the overall cash balance for both funds is \$714,430.84. The Director added that the balances are still healthy. The Director asked for any questions or comments. Board Member Minshull noted the balances are in decline. Director Kohtz agreed with Board Member Minshull. There was no further discussion.

Board Member Minshull moved to accept and file the June financial reports for audit. Board Member Hermsen 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 Hermsen, Minshull, and Downing voting aye.

2. ASC GRANT REPORT

Director Kohtz informed the Board that a new regular agenda item has been added for the ASC grant report and requested that BPM Loll provide a brief update on the grant application activity to this point. BPM Loll reported the staff met with the ASC to learn about the grant application process. The ASC stated the grant award is up to \$120,000.00 per year and could be renewed twice for a total of \$360,000.00. The next application submission deadline is on September 4, 2024 with another deadline in April of 2025. BPM Loll expressed her intent to complete the application process for the first submission deadline. During preliminary discussions with ASC, it indicated that migrating applications online and adding a credit card payment system are fundable projects. A UEI number is required before the process begins, and the ASC recommended asking DAS State Accounting if it had a UEI number the Board could use for the application. BPM Loll followed through and State Accounting agreed that the Board could utilize its UEI number. This development saves a month for the application process. BPM Loll also informed the Board that State Accounting is familiar with the payment process that the ASC uses to distribute grant funds, so implementation should not be cumbersome. Director Kohtz remarked that he inquired if the grant could also include funding for travel to and from, and for the attendance of, AARO conferences. Grant funds cannot be used to supplant already approved/appropriated funds for the same activity. The Director informed the Board that his discussions with the ASC appear to indicate that AARO travel would costs would be acceptable if the Board does not include these costs in its approved budget since the legislature does not specifically allocate money for this purpose. Director Kohtz indicated that he is still reviewing this idea from the state side, but if the Board is interested, it should remove any AARO travel costs from the proposed budget before approving it. The Board asked to see a breakdown of future projects that could be completed under the grant funding. The Director informed the Board that staff would prepare an outline of the projects and costs that could be covered by the ASC grant into the future. In addition, the ASC grant application will be presented to the Board for review. Chairperson Downing thanked staff for its work on this.

3. FY 2024-2025 BUDGET

Director Kohtz presented the proposed budget and projected revenues for FY 2024-2025 to the Board for consideration. The Director informed the Board that the only changes in the proposed budget, since it was presented at the strategic planning meeting, is an additional \$294.00 for CIO charges, which was moved from Other Operating Expenses. Director Kohtz explained that CIO has an extreme fund balance and has not been charging agencies for some services for the past six months. The Director indicated that when preparing for strategic planning, he failed to account for these expenditures that would once again be included for the next fiscal year. Director Kohtz also informed the Board that the projected AMC revenues were revised down to \$114,175.00 after the final June budget numbers were available.

Director Kohtz then presented four charts projecting expenses and revenues over the next three fiscal years that were revised to reflect the new fee schedule through the FY 26-27 budget. Board Member Minshull commented that even with the fee increases the cash balances were continuing to decline. Director Kohtz agreed and added that with the fee schedule the revenues would slowly catch up to the expenditures. According to the Director the Real Property Appraiser revenues would exceed the expenditures in FY 26-27 and the AMC revenues would exceed the expenditures in FY 27-28. Director Kohtz noted that State Budgeting released its budget instructions for the next biennium and the projected expenditures will already be reduced by \$12,000.00 to \$13,000.00 for each fiscal year; which is good news for fund balance management. Chairperson Downing inquired if the Real Property Appraiser Fund/AMC Fund split would need to be reviewed. Director Kohtz confirmed this would be likely, and indicated that the Board's policy implemented at the request of the State Auditor's Office requires staff to track its time spent in each program quarterly, which is used each fiscal year to determine the split between the two funds for shared expenses. As the number of AMCs decline, the workload is naturally moving away from the AMC program to the Real Property Appraiser program. The Director indicated that, in the future, he expects the allocation of shared expenditures to change to 70 percent of expenditures to the Real Property Appraiser Fund and 30 percent of expenditures.

Director Kohtz reminded the Board that it intends to remove funding for travel to and from, and for attendance, at AARO conferences before approving the FY 2024-2025 Budget. The Board agreed to remove \$2,221.21 from Travel Expenses (-\$1,000.00 from 571100; -\$171.81 from 571800; -\$850.00 from 572100; -\$80.40 from 574500; -\$120.00 from 575100) and move that amount to Other Operating Expenses (559100).

Director Kohtz asked for approval of the FY 2024-2025 Budget. Board Member Minshull moved to approve the FY 2024-2025 Budget as amended with a Travel Expenditure decrease of \$2,221.21 and an Other Operating Expense increase of \$2,221.21. Board Member Hermsen seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With no discussion, Chairperson Downing asked for a vote. The motion carried with Hermsen, Minshull and Downing voting aye.

4. PER DIEMS

Director Kohtz requested a per diem payment in the amount of \$100.00 on behalf of Board Member Gerdes and Board Member Johnson for representing the Board during an applicant informal conference on July 8, 2024. Board Member Hermsen moved to approve the per diem payment in the amount of \$100.00 for Board Member Gerdes, and the per diem payment in the amount of \$100.00 for Board Member Johnson. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for a vote. The motion carried with Hermsen, Minshull, and Downing voting aye.

K. GENERAL PUBLIC COMMENTS

Chairperson Downing asked for any public comments. Roger Morrissey appeared before the Board and requested a legible copy of page I.3 of the public materials for the meeting, and stated he had no additional comments at this time but would like to comment as the meeting progressed. Downing granted permission for Morrissey to speak when ready to comment. LPM Nespior demonstrated how to access page I.3 on the Board's website for Morrissey. Morrissey thanked LPM Nespior and indicated that he would no longer need a copy of the requested page. With no additional public comments, Chairperson Downing moved on to Education.

L. EDUCATION: No discussion

M. UNFINISHED BUSINESS: No discussion

N. NEW BUSINESS:

1. Board Member Commuting/Travel Status

Director Kohtz reported that he had been informed by State Accounting that a board member traveling to and from the Nebraska State Office Building is commuting, not in travel status; therefore, travel expenses are not reimbursable for attendance of a board meeting. State Accounting's rationale is that the State Office Building is the headquarter location for board members and an employee cannot be reimbursed for travel when they are commuting to and from their office. The Director informed the Board that he notified State Accounting that the Board has direct statutory authority to reimburse board members for their expenses under Neb. Rev. Stat. § 76-222(6). Director Kohtz indicated that he was originally notified that no June travel expenses would be paid, but they were approved a short time later. In addition, the agency was informed that it should continue with its current procedures while State Accounting gets a legal opinion on the applicability of the policy change. Options for future meetings were discussed including the utilization of virtual conferencing for six meetings per year and moving the meeting location to a place outside of the Lincoln metropolitan area. It was acknowledged that moving the meeting to another location would increase travel expenditures as staff would also need to be reimbursed for travel costs related to attendance. The Director informed the Board that it is his intention that board members are reimbursed for travel expenses for attendance at board meetings and that he has prepared an email to request a formal opinion from the Attorney General's Office if State Accounting follows through with its policy change. There was no further discussion.

2. Consideration of Second Special Assistant Attorney General

Director Kohtz reported that this agenda item was added with the intention of making some progress before the meeting, but no progress had been made in the search for a second Special Assistant Attorney General. The Director then inquired if the Board has any specifications or recommendations to be considered. The Board requested that the Director proceed as discussed during the strategic planning meeting. There was no further discussion.

3. PAREA Program Real Property Appraisal Practice Experience Evaluation

Director Kohtz brought attention to a discussion regarding the PAREA program real property appraisal practice experience evaluation. The Director indicated that he had a note from the meeting to follow up with Board Member Hermsen regarding this topic and did so. Board Member Hermsen requested that the Board discuss the requirements for the evaluation of real property appraisal practice experience obtained through completion of a PAREA program. Director Kohtz asked Board Member Hermsen to provide more information regarding his concerns. Board Members Hermsen indicated that it is not clear in Title 298 how or when the real property appraisal practice experience obtained through the completion of a PAREA program is evaluated and accepted by the Board. Board Member Hermsen went on to state that it should be clear that reports will be reviewed by the Board the same as if all experience was obtained through the traditional method. Board Member Minshull agreed. LPM Nespor noted that the AQB requirements for PAREA already exceed the Nebraska credentialing requirements. Board Member Hermsen expressed skepticism that the PAREA programs are as effective as advertised. Director Kohtz informed the Board that it has the authority to review reports completed by an applicant with PAREA program experience, but that the procedures are not defined. The Director indicated that he will amend the Title 298 draft to clarify that that real property appraisal practice experience obtained through completion of a PAREA program is to be reviewed and accepted by the Board. There was no further discussion.

4. Senator, Legislative Staff, and GPRO Open House/Roundtable

Director Kohtz informed the Board that he received an email from the Board's Legislative Fiscal Analyst Eric Kasik, explaining a legislative staff briefing that the Nebraska Broadband Office held. The Director indicated that with senator term limits, there is less of a connection with state agencies than there used to be, even more so with the smaller boards and commissions. An open house or roundtable could be a means for senators learn about who the Board is what it does. Chairperson Downing added that board members could attend as well to be available to answer questions. After receiving the email, the Director indicated that he expressed his enthusiasm to do something similar to Chairperson Downing, who also thought that this was a good idea. Director Kohtz informed the Board that he has since learned that this was arranged by the Clerk's Office of the Legislature as a learning opportunity, so he is now not certain that the Board could get a similar meeting arranged. The Director was asked if a narrower scope could produce attendees, such as focusing on the Banking, Commerce, and Insurance Committee members. Director Kohtz noted that the Board already has a good relationship with committee members, but that he would run the idea by the legal counsel to see if he thought there would be any interest. There was no further discussion.

O. LEGISLATIVE REPORT AND BUSINESS

1. Nebraska Real Property Appraiser Act_June 17, 2024 Draft

Director Kohtz presented the updated Nebraska Real Property Appraiser Act draft to the Board for consideration. Director Kohtz informed the Board that language is added to authorize the Board's use of a contingent dismissal agreement for grievances in which the Board determines that disciplinary action is not warranted, but something stronger than an advisory letter is. A contingent dismissal would be used to correct minor issues causing USPAP violations through education or report writing. The Director indicated that he believes Senator Dungan would be willing to introduce the bill on behalf of the Board. Roger Morrissey, who was granted approval to speak, requested an explanation as to how a contingent dismissal works. The Director described the process that would allow the Board to dismiss a grievance after a respondent agreed to and completed certain terms as established by the Board. This would allow for the Board to provide adequate guidance to the respondent, and for the respondent to not have disciplinary action on their record. Morrissey thanked the Director for the explanation. Director Kohtz informed the Board that the next step is to work with the Banking, Commerce, and Insurance Committee Legal Counsel to develop an REQ draft for public review once approved by the Board. Board Member Hermsen moved to approve the Nebraska Real Property Appraiser Act draft as presented and authorize Director Kohtz to work with the Committee legal counsel to prepare a requisition draft. Board Member Minshull seconded. Chairperson Downing recognized the motion and asked for any discussion. With no discussion, Chairperson Downing called for a vote. The motion carried with Hermsen, Minshull, and Downing voting aye.

2. Nebraska Appraisal Management Company Registration Act_June 17, 2024 Draft

Director Kohtz presented the updated Nebraska Appraisal Management Company Registration Act draft to the Board for consideration. The Director informed the Board that the language change in Neb. Rev. Stat. § 76-3207 is to correct the intent. It is not the applicant to whom the AMC Rule ownership restrictions apply, but the AMC. As with the Real Property Appraiser Act, language was added to authorize the Board's use of a contingent dismissal agreement. Director Kohtz informed the Board that the same step is required for the Nebraska Appraisal Management Company Registration Act draft as identified for the Real Property Appraiser Act draft. Board Member Hermsen moved to approve the Nebraska Appraisal Management Company Registration Act draft as presented and authorize Director Kohtz to work with the Committee legal counsel to prepare a requisition draft. Board Member Minshull seconded. Chairperson Downing recognized the motion and asked for any discussion. With no discussion, Chairperson Downing called for a vote. The motion carried with Hermsen, Minshull, and Downing voting aye.

3. Title 298_July 1, 2024 Draft

Director Kohtz presented the July 1, 2024 draft of Title 298 to the Board for consideration, and informed the Board that there are numerous changes. Director Kohtz indicated that he would break the changes down into specific categories during the review and would summarize the changes. The Director asked the Board to stop him at any time with questions, concerns, or recommendations, and proceeded with the following changes:

- The Director began on page O.6 and noted that “Course does not include an activity offered in a conference setting” is added to clarify that a conference is not the same as a course for a continuing education activity.
- The Director then moved to page O.7 and reported the definition of secondary provider is moved from 001.10 to 001.11 to maintain alphabetical order for definitions.
- The language in 013 is amended to state, “As applicable, the Board shall apply the Occupational Board Reform Act, NEB. REV. STAT. § 84-934 et. seq., when administering and enforcing this Title.” All language pertaining to the procedures for administration of the preliminary criminal history review are removed as the preliminary criminal history review requirements do not apply to the Board.
- In Chapter 2 001.01A; 001.02A; 001.03A; 001.04A, the qualifying education requirements for the trainee, licensed residential, certified residential, and certified general classifications are amended to include eight hours of valuation bias and fair housing laws and regulations after December 31, 2025. Eight hours of appraisal subject matter electives is removed for the certified residential and certified general classifications. These changes implement 2026 Criteria as authorized in LB992.
- In Chapter 2 001.03D.2 001.03E.2; 001.04B.2; 001.04C.2, the qualifying education requirements for upgrading to the certified residential and certified general classifications are amended to account for the eight hours of valuation bias and fair housing laws and regulations required for each classification after December 31, 2025. Eight hours of appraisal subject matter electives is removed for upgrade to the certified residential and certified general classifications when applicable. These changes are to implement 2026 Criteria as authorized in LB992.
- In Chapter 2 001.02B; 001.04B; 001.04C; 001.04D, non-substantial changes are made to the language in the upgrade requirements of the licensed residential real property appraiser and certified general real property appraiser to provide for better clarification and consistent language structure between all classifications.
- In Chapter 2 002.02, the real property appraisal practice experience required for credentialing as a licensed residential, certified residential, or certified general real property appraiser that may be obtained in another jurisdiction is increased from 50% to 100%. In addition, “Section 002 of this Chapter and” is added to clarify that the real property appraisal practice experience must meet the requirements of Title 298 in addition to the laws of the jurisdiction in which it was obtained.

- In Chapter 2 00208B.1; 002.08B.2, “and a period of six months experience” is added to the language pertaining to credit awarded for the successful completion of a licensed residential PAREA program; and “and a period of six months experience” is added for the licensed residential classification, “and a period of twelve months experience” is added for the certified residential and certified general classifications to the language pertaining to credit for awarded for the successful completion of a certified residential PAREA program. This added language clarifies how the PAREA program approval applies to the real property appraisal practice experience requirements.
- In Chapter 2 002.09A(4), the real property appraisal practice experience log responsibilities for the supervisory real property appraiser and the appraiser-in-charge are updated to emphasize that a description of the scope of review is required for clarification.
- In Chapter 2 004.01A.2; 004.02A.2, a fee schedule is added to implement an application fee change from \$150.00 to \$200.00 between FY2025-26 and FY2027-28 for those applying for credentialing through education, experience, and examination.
- In Chapter 2 004.02E, a fee schedule is added to implement a credential fee change from \$300.00 to \$350.00 between FY2025-26 and FY2027-28 for those credentialed through education, experience, and examination.
- In chapter 3, all changes reference the following increases to the fee schedule: \$150.00 to \$200.00 between FY2025-26 and FY2027-28 for those applying for credentialing through reciprocity; \$300.00 to \$350.00 between FY2025-26 and FY2027-28 for those credentialed through reciprocity; \$100.00 to \$150.00 between FY2025-26 and FY2027-28 for those applying for a temporary real property appraiser credential; \$50.00 to \$100.00 between FY2025-26 and FY2027-28 for those applying for a temporary real property appraiser credential.

Board Member Minshull indicated that he understands the changes that are intended to implement federal requirements and the fee tables, and requested that Director Kohtz focus on changes that are substantial, but not implementing federal requirements or fee tables. The Board agreed with Board Member Minshull. The Director informed the Board that he will proceed accordingly.

- In chapter 4 001.05, “of activity” is stricken and “at which activity was conducted or presentation method” is added to ensure that the education activity presentation method reflects the classroom, synchronous, asynchronous, or hybrid delivery methods for the evidence of attendance at an education activity sponsored or conducted by the Board submitted for continuing education credit.

- In chapter 6 001.06, the Board no longer maintains a schedule of education activities on its website; therefore, all original language is stricken. The language, “Nothing in this Chapter may be construed to preclude education providers from surrendering approval of education activities” is added. This language allows for staff to accept an education provider’s request to surrender an education activity approval without Board action required in 002.04, 003.04, and 004.06.
- In Chapter 6 001.10, the timed outline used to evaluate education hours may be submitted by education providers in a schedule or non-schedule format. The current language for determining the number of hours of approval for an education activity is difficult to apply to all timed outlines reviewed by staff. To determine education activity hours for timed outline in a schedule format, where sixty minutes equals one hour in Coordinated Universal Time, the language is amended to utilize the start time and the end time to determine the total minutes engaged in instruction. Breaks, meal periods, and time not engaged in instruction are removed. Fifty minutes engaged in instruction out of each sixty-minute segment equals one hour. To determine education activity hours for a timed outline in a non-schedule format, where each topic is assigned a specific duration, the language is amended to utilize each minute engaged in instruction to determine the total minutes engaged in instruction. Fifty minutes engaged in instruction equals one hour.
- In Chapter 6 002.04B; 003.04C; 004.06B, the procedure for the Board to rescind approval of an education activity is made more efficient to reduce the length of time needed to rescind approval of an education activity by removing the Board’s first review of the education activity. The education activity will go before the Board after the education provider has been notified of the reason for rescission and had an opportunity to provide a response for the Board’s consideration.
- In Chapter 6 003.02A.2j, the requirement that a completed 7-Hour USPAP Course Checklist for AQB Equivalency Approval as developed and published by The Appraisal Foundation for any seven-hour Uniform Standards of Appraisal Practice Update course not approved by the Appraiser Qualifications Board of The Appraisal Foundation is stricken as all seven-hour Uniform Standards of Professional Appraisal Practice Continuing Education Courses must be approved by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program.
- In Chapter 6 005.03B, the instructor qualifications for those holding a credential are updated from three years to five years for the period that an instructor may not have had a credential revoked, suspended, or have surrendered a credential in lieu of disciplinary action to better align with the requirements for AQB Certified USPAP instructors.
- In Chapter 8 005.03B, the instructor qualifications for those holding a credential are updated from three years to five years for the period that an instructor may not have had a credential revoked, suspended, or have surrendered a credential in lieu of disciplinary action to better align with the requirements for AQB Certified USPAP instructors.

Director Kohtz asked for any questions or corrections. The Director informed the Board that he will make the updates to clarify real property appraisal practice experience obtained through the completion of a PAREA program for consideration at the August 15, 2024 meeting. There was no further discussion.

4. Other Legislative Matters: No discussion.

P. ADMINISTRATIVE BUSINESS: No discussion.

Q. OTHER BUSINESS

1. BOARD MEETINGS: No discussion.

2. CONFERENCES/EDUCATION: No discussion.

3. MEMOS FROM THE BOARD: No discussion.

4. QUARTERLY NEWSLETTER: No discussion.

5. APPRAISAL SUBCOMMITTEE

a. 2025 ASC Compliance Review – March 11-13, 2025

Director Kohtz reported that the Appraisal Subcommittee has scheduled its compliance review of Nebraska's appraiser and AMC programs for March 11-13, 2025. The Director informed the Board that the ASC requested that the Board hold its March 20, 2025 meeting by virtual conferencing. After discussion with Chairperson Downing, the ASC's request was agreed to. The Director asked for any questions or comments. There was no discussion.

b. ASC Quarterly Meeting: June 12, 2024 (Online): No discussion.

c. ASC March 13, 2024 Meeting Minutes

Director Kohtz presented the Appraisal Subcommittee March 13, 2024 Quarterly Meeting Minutes 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.

d. ASC Annual Report 2023

Director Kohtz presented the ASC 2023 Annual Report to the Board for review. The Director reported that he had no specific comments, and asked for any questions or comments. There was no further discussion.

6. THE APPRAISAL FOUNDATION

a. TAF July Newsletter

Director Kohtz presented The Appraisal Foundation's July 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.

b. No Findings Result from HUD Secretary-Initiated Complaint into TAF; Conciliation Agreement Signed

Director Kohtz presented The Appraisal Foundation's press release titled, "No Findings Result from HUD Secretary-Initiated Complaint; Conciliation Agreement Signed" to the Board for review and reported that he had no specific comments but noted that the contents found in the Conciliation Agreement are very interesting. 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 CG23039 and CG24002. Chairperson Downing asked for a motion on CG24002.

Board Member Hermsen moved to take the following action:

CG24002 / Approve evidence showing completion of fifteen hours of market analysis and highest and best use on December 14, 2016 as required under 298 NAC Chapter 2, 001.03A.1(4) and authorize staff to continue processing application according to established procedures.

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

D. Registration as an Appraisal Management Company: No discussion.

E. Consideration of Compliance Matters

The Board reviewed compliance matters 23-08, 23-12, and 24-05. Chairperson Downing asked for a motion on 23-12 and 24-05.

Board Member Hermsen moved to take the following action:

24-05 / Dismiss with prejudice.

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

Board Member Hermsen moved to take the following action:

23-12 / Authorize the filing of a formal complaint for violation of Neb. Rev. Stat. §§ 76-2237 and 76-2238(12),(14),(19).

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

F. Consideration of Other Executive Session Items

1. 2024.11

The Board reviewed a matter in which a Nebraska real property appraiser failed to complete the 7-Hour USPAP Update Course at least once every two years as required by Neb. Rev. Stat. 76-2236(2) for a second time. Board Member Hermsen moved to issue a written advisory to inform applicant of the requirement to complete the 7-Hour USPAP Update Course at least once every two years and that the next 7-Hour USPAP Update Course is due before January 1, 2025. If applicant fails to submit evidence of the successful completion of the 7-Hour USPAP Update Course in a timely manner, the next Application for Renewal of Nebraska Real Property Appraiser Credential will go before the Board for consideration. The advisory letter is to be sent by certified mail. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With none, Chairperson Downing called for a vote. The motion carried with Hermsen, Minshull, and Downing voting aye.

2. 2024.12

The Board reviewed a matter in which a Nebraska real property appraiser failed to complete the 7-Hour USPAP Update Course at least once every two years as required by Neb. Rev. Stat. 76-2236(2) for a third time. Board Member Hermsen moved to authorize Director Kohtz approve the 2024-25 Application for Renewal of Nebraska Real Property Appraiser Credential upon the receipt of evidence of the successful completion of the 2024-25 seven-hour National Uniform Standards of Professional Appraisal Practice Update Course if received on or before August 8, 2024. Notice to be sent by certified mail. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With none, Chairperson Downing called for a vote. The motion carried with Hermsen, Minshull, and Downing voting aye.

3. 2024.13

The Board reviewed a matter in which a Nebraska real property appraiser failed to complete the 7-Hour USPAP Update Course at least once every two years as required by Neb. Rev. Stat. 76-2236(2) for a second time. Board Member Hermsen moved to issue a written advisory to inform applicant of the requirement to complete the 7-Hour USPAP Update Course at least once every two years and that the next 7-Hour USPAP Update Course is due before January 1, 2025. Director Kohtz announced that this is the incorrect motion. Board Member Hermsen withdrew the motion and moved to authorize Director Kohtz approve the 2024-25 Application for Two-Year Renewal of Nebraska Trainee Real Property Appraiser Credential upon the receipt of evidence of the successful completion of the 2024-25 seven-hour National Uniform Standards of Professional Appraisal Practice Update Course if received on or before to August 8, 2024. Notice to be sent by certified mail. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With none, Chairperson Downing called for a vote. The motion carried with Hermsen, Minshull, and Downing voting aye.

4. 2024.14

The Board reviewed a request for an individualized program of continuing education. A Nebraska credentialed real property appraiser requested that an education activity offered by a specific education provider, not approved by the Board for continuing education at the time of completion, be allowed as continuing education. In accordance with Neb. Rev. Stat. § 76-2236(4), Board Member Hermsen moved to adopt an individualized program of continuing education during the applicant's 2023-2024 continuing education period as follows: Up to fourteen hours of continuing education may be awarded for an education activity that includes the topics of real estate finance, statistics, and valuation modeling, not approved by the Board under 298 NAC Chapter 6, that fails meet the requirements for acceptance under 298 NAC Chapter 4, § 001.10, and is approved as continuing education in another jurisdiction, if evidence is provided that such education activity was satisfactorily completed during the two-year continuing education period. Except for the individualization of continuing education as stated, all provisions of Neb. Rev. Stat. § 76-2236 shall apply. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With none, Chairperson Downing called for a vote. The motion carried with Hermsen, Minshull, and Downing voting aye.

5. 2024.15

The Board reviewed an appraisal report received from the Fannie Mae Loan Quality Center. The Board concluded there were no substantial errors or omissions which lead to non-credible assignment results or USPAP violations; however, the real property appraiser does need to be made aware of the issue that Fannie Mae brought attention to as it could become a problem for the real property appraiser in the future. Board Member Hermsen moved to provide a copy of the Fannie Mae Loan Quality Center LQC State Tips document to real property appraiser and issue a written advisory directing real property appraiser to take notice of the issue identified by Fannie Mae in the Fannie Mae Loan Quality Center LQC State Tips document. Board Member Minshull seconded the motion. Chairperson Downing recognized the motion and asked for any discussion. With none, Chairperson Downing called for a vote. The motion carried with Hermsen, Minshull, and Downing voting aye.

6. Personnel Matters: No discussion.

R. ADJOURNMENT

Board Member Minshull moved to adjourn the meeting. Board Member Hermsen seconded the motion. The motion carried with Hermsen, Minshull, and Downing voting aye. At 12:50 p.m., Chairperson Downing adjourned the July 18, 2024 meeting of the Nebraska Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on July 26, 2024, in compliance with Nebraska Revised Statute § 84-1413 (5).