

**REAL PROPERTY APPRAISER BOARD  
DEPARTMENT OF EDUCATION HEARING ROOM, 6<sup>TH</sup> FLOOR  
NEBRASKA STATE OFFICE BUILDING  
301 CENTENNIAL MALL SOUTH, LINCOLN, NE  
Thursday, July 17, 2008**

**OPENING**

Chairman Joe Wilson called to order the July 17, 2008, meeting of the Nebraska Real Property Appraiser Board at 9:05 a.m., in the Department of Education Hearing Room, 6<sup>th</sup> Floor of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

**NOTICE OF MEETING**

Vice Chair Wilson 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 e-mail. The agenda was kept current in the Nebraska Real Property Appraiser Board Office and on the Board's website. Materials generally used by the Board for this meeting were available in the public folder for inspection by the public and in accordance with the Open Meetings Act. A copy of the Open Meetings Act was available for the duration of the meeting. For the record, Board Members Timothy Kalkowski, Bradford Moore, Gregg Mitchell, James Bain, and Mathew 'Joe' Wilson, were present. Director Kitty Policky was also present.

**ADOPTION OF THE AGENDA**

Chair Wilson 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. Vice Chair Mitchell moved to adopt the Agenda as printed. Board Member Moore seconded. The motion carried with Kalkowski, Moore, Mitchell, Bain, and Wilson voting aye.

**WELCOME GUESTS**

Chair Wilson welcomed the guests to the meeting and asked that they please sign the guest log.

**APPROVAL OF THE MINUTES FROM JUNE 19, 2008**

Chair Wilson asked for any additions or corrections to the June 19, 2008 minutes. With no corrections or additions, Chair Wilson called for a motion to approve the minutes. Vice Chairman Mitchell moved to adopt the minutes as presented and Board Member Moore seconded the motion. The motion carried with Moore, Mitchell, Bain, Kalkowski, and Wilson voting aye.

**CHAIR REPORT**

Chairman Wilson asked Board members to address the issue of core curriculum education from the college and university communities and present such ideas at the next meeting. The Appraisal Foundation has not at this time formulated a direction for state regulators but would expect the issue to be addressed in the future. Perhaps Nebraska can formulate a plan that would comply with federal guidelines and allow colleges and universities to provide appraisal core curriculum AQB/CAP approved education.

**DIRECTOR'S REPORT**

Director Policky presented to the Board the minutes of the Rule Hearing on June 23, 2008. Director Policky served as Hearing Officer. In the absence of proponents, opponents, other

interested parties, or written testimony, the Hearing Officer announced the proposed changes to Title 298 as presented will proceed to the Attorney General's office as they were adopted at the monthly business meeting of the Appraiser Board on April 17, 2008. The monthly business meeting of the Appraiser Board was advertised in the *Lincoln Journal Star* on April 14, 2008, with announcement of the rulemaking hearing, legally advertised on May 23, 2008 in the *Lincoln Journal Star*. Said procedures were filed with the proposed rules and regulations with the Governor's office as well as the Secretary of State for verification of procedures. A copy of the minutes are attached and considered part of these minutes.

A letter of verification was received from the Office of the Attorney General stating Title 298 was reviewed and found compliant for statutory and constitutionality and approved. The approval letter was delivered to this office on July 11, 2008 to proceed with the rule process. On July 11, 2008 the approved and signed copies of the rules and regulations were forwarded to the Governor's office and the Secretary of State.

Chair Wilson requested a motion to adopt the minutes of the Rule Hearing as presented. Vice Chair Mitchell proposed approval of the minutes as presented. Board Member Moore seconded the motion. The motion carried with Mitchell, Bain, Kalkowski, Moore, and Wilson voting aye.

Director Policky presented the renewal rates for 2009 in order to begin the process of renewal. The proposed rates would stay at the present cost of \$200 for Registered and Conversions and \$200 for the License, Certified Residential and Certified General. The renewal amount for the federally recognized designations includes the \$25.00 fee due to the Appraisal Subcommittee for each credential. Considering the economic conditions and the fact that we have a reserve for which the Board has supported understanding the uncertainty of future transitions, the rates would be best served at the present funding. Chairman Wilson called for a motion to approve the rates as presented. Vice Chair Mitchell proposed a motion to accept the 2009 renewal rates of \$200.00 for each credential as presented. Board Member Moore seconded the motion. The motion carried with Bain, Kalkowski, Moore, Mitchell, and Wilson voting aye.

Director Policky presented the latest credentialing numbers as follows: Registered at 163, Conversions at 50; License at 140; Certified Residential at 180 and Certified General at 369 for a total of 902 resident and reciprocal appraisers. The increase in the credentials issued is linked entirely to the sequential application process. No new credentials have been processed under the 2008 criteria to date.

### **RECEIPTS AND EXPENDITURES REPORT – JUNE 2008**

The receipts and expenditures for June were reviewed by the Director by line item with the Board. A copy of the Budget Status Report is attached and considered part of these minutes. All voucher payables were cancelled after June 25<sup>th</sup> to meet the Accounting guidelines for the end of the fiscal year. Director Policky commented that the additional funds appropriated by the Legislature for contractual services drove the percentage of usage somewhat down but that remaining funds would be carried over to the second half of a biennium budget or the 08-09 fiscal year and that this office would need every cent it had to finish processing the sequential application demonstration reports with 16 License applicants @ \$450 each, 45 Certified Residential applicants @ \$550 each and 31 Certified Generals @ \$900 each. Vice Chair Mitchell stressed the need for applicants to meet the deadline established by the policy set by the Board on June 21, 2007 in order to assure that the application process can be completed before the end

of the year. Mitchell asked Director Policky to send a letter to each of the remaining 92 sequential applicants reminding them as a courtesy of the deadline for the demonstration reports and the logs.

Chairman Wilson called for a motion to approve receipts and expenditures. Board Member Kalkowski moved to accept and file the June 2008 Receipts and Expenditures report for audit. Board Member Bain seconded the motion. The motion carried with Kalkowski, Moore, Mitchell, Bain, and Wilson voting aye.

## **UNFINISHED BUSINESS**

### **1-5. Application for Nebraska candidates; Verification for Experience Requirements and Affidavit; Core Curriculum Requirements; Amended Supervisor Registration Form; Appraiser Qualifications Criteria w/corrections:**

Director Policky again reviewed the new application forms for all credentials and explained that the forms were created to reflect the requirements by the Board and federal oversight to select the demonstration reports and the new core curriculum. The new forms were review by line to explain the requirements and requests and the reasons for the questions as they were presented at the June 19, 2008 meeting of the Board. Although many parts of the application forms remain the same, there are significant changes to meet the implementation of the 2008 criteria. Each form was reviewed by the Board with attention to the changes requested at the June 19<sup>th</sup> meeting. With no further changes or additions, Chairman Wilson called for a motion to approve the forms as amended. Vice Chair Mitchell proposed a motion to adopt the use of the Application for Nebraska candidate form, Verification for Experience Requirements and Affidavit form, Core Curriculum requirements, Supervisor Registration form and the Appraiser Qualifications Criteria as approved by the Board. Board Member Bain seconded the motion. The motion carried with Moore, Mitchell, Bain, Kalkowski, and Wilson voting aye.

### **6. Appraiser Qualifications Criteria**

Board Member Kalkowski proposed a motion that the “Appraiser Qualifications Criteria” be forwarded to Banking and Mortgage Brokers and Bankers with a cover letter explaining the form was developed for the purpose of information and enforcement. All members of the Board agreed that any information that could be shared to assist in understanding the appraisal process is important and would certainly want to take the opportunity to participate. Board Member Kalkowski felt the form would assist bankers and mortgage brokers in understanding the education and experience requirements to qualify for each credential. Vice Chair Mitchell seconded the motion. The motion carried with Mitchell, Bain, Kalkowski, Moore and Wilson voting aye.

### **7. Danny Stoeber / Software application trial**

<http://us-papcomplaint.com> is a software program developed by Teri Selberg of Iowa that would allow regulatory boards and users to view reports and runs down through the elements of compliance or non-compliance with USPAP consideration. The Appraiser Board was interested in the actual application of the software for the review process and requested that Danny Stoeber, a certified general with review experience, apply the software to a review which had previously been performed and submitted to this Board and discuss the ease and efficiency of the program in relationship to the Standard 3 Review process. Mr. Stoeber proceeded to discuss the highlights as well as the limitations to the software and answering questions. Considering the limited funds available to the Board, the discussion proceeded to perhaps improving the Standard 3 Review

form and the modification of the review process. Stoeber saw no real problems with the software for residential applications but reminded members that not all of the applicants submit residential demonstration reports. A Certified General application requires three demonstration reports and two must demonstrate all three approaches to value but again cited that the majority of demonstration reports processed were probably single family residential.

Stoeber recommended that although the cost of the software includes twenty-four hour support that perhaps the Board should develop a Standard 3 Review form that incorporates the objectives of review and not simply the question at hand. The next reviewer update seminar should present a form that not only cites USPAP but gives the reviewer assistance in making clear what should be included in the review and what the reviewer should be seeking for compliance. Guidance with clarification will create consistency in format application. Stoeber emphasized providing the proper tools for reviewers to assist with creating consistency in the review process.

Director Policky pointed out that the greatest concern was the lack of relevant information in citing not only the USPAP violation(s) but explaining for what reason the report is in violation. It is imperative that not only are the USPAP violations cited but that the violations can be substantiated by evidence and support. Evidence and support that can be defended at hearing.

Stoeber cited the elimination of Standard 1 from the review process. Stoeber continued by referencing the use of his Standard 3 Review form with the additional comments and guidance and the incorporation of Standard 1 and how often Director Policky had reviewers request the form for assistance from Stoeber. Stoeber personally recommended incorporating Standard 1 back into the review process. Discussion led to the thought that perhaps Standard 1 was eliminated because a review cannot comment on development, only the process.

Chair Wilson commented on the lack of guidance from the Standard 3 Review form. Vice Chair Mitchell commented and complemented Stoeber on his efforts to make the form self contained with guide notes and comprehensive in an effort to render a consistent review. Mitchell asked if there was a need to develop a review form for enforcement and a review form for demonstration reports. Stoeber responded by indicating one form could apply for both but like the current review form, reviewer listing of indicating violations and supporting documentation should serve the purpose in both cases.

Vice Chair Mitchell proposed a motion to engage Stoeber to redevelop the 2008-09 Standard 3 Review form using the criteria, guidelines and notes as structured for use by all reviewers and to establish a fee for the development of the services for consideration by the Board. Board Member Bain seconded the motion. The motion carried with Bain, Kalkowski, Moore, Mitchell, and Wilson voting aye.

Vice Chair Mitchell further commented that the intent of the Board is to support Stoeber in his efforts to clarify the form and render consistency and speed to the review process and to schedule a session for reviewers to demonstrate the format by an instructor who has developed the form. Stoeber commented that he would have the proposal to include the 2008-09 Standard 3 Review form for the August meeting.

Vice Chair Mitchell proposed Director Policky send a note to Teri Selberg thanking her for the time and efforts in demonstrating the software for the Board but that the funds did not exist to support the investment.

Board took a break at 10:25 a.m.

Board meeting reconvened at 10:45 a.m.

### **NEW BUSINESS**

Chair Wilson proposed changing the order of New Business since Andrew Lundy was present to appear before the Board by simply extending a courtesy by changing the order. With no objections, Andrew Lundy became the first consideration under New Business.

#### **3. Andrew Lundy**

Mr. Lundy reviewed his candidacy for the certified general credential. Mr. Lundy expressed concern to the Board about what was required to meet the requirements of the demonstration reports questioning the comparables and asking for guidance concerning reviewer comments. The members of the Board discussed the development of the report and the selection of the comparables to assist Mr. Lundy with making decisions and clarifying the requirements when making decisions concerning comparables. Mr. Lundy thanked the Board for spending time to explain the application process and to clarify comments.

Chair Wilson thanked Mr. Lundy for his time and offered any assistance in producing a USPAP compliant demonstration report.

#### **1. Travel Policy – Increase per mile reimbursement.**

Director Policky distributed to each Board member a notice from Paul Carlson, DAS Accounting Director. The notice indicates for a mileage rate increase to meet the federal increase. The notice makes effective July 1, 2008, the IRS increase for the standard mileage rate for the final six months of the year to 58.5 cents a mile for all business miles driven from July 1, 2008 through December 31, 2008. In accordance with State Accounting Travel Policy #7, the State will also increase the mileage rate to 58.5 cents per mile effective July 1, 2008. Considering the Board has adopted the DAS Accounting Travel Policy, Board adopted the changes. Vice Chair Mitchell moved to accept the changes to Travel Policy #7 to increase the mileage reimbursement to 58.5 cents per mile. Board Member Moore seconded the motion. The motion passed with Kalkowski, Moore, Mitchell, Bain, and Wilson voting aye.

#### **2. 2008-2008 AMP testing contract consideration.**

Director Policky presented to the Board the 2008-09 AMP contract to administer AQB approved testing for each credential for Nebraska. Further discussion indicated the contract was acceptable as presented. Board Member Bain moved to approve the AMP contract and designate Chair Wilson to sign. Vice Chair Mitchell seconded the motion. Motion passed with Moore, Mitchell, Bain, Kalkowski, and Wilson voting aye.

### **GENERAL PUBLIC COMMENTS**

Chair Wilson asked for any public comments. With no comments, the Chair proceeded to education.

## EDUCATION

Vice Chair Mitchell moved to approve the following continuing education seminars and respective instructors as listed:

*Continuing Education:*

**Appraisal Institute, Chicago:**

- A. “*Appraising Historic Preservation Easements*” – 18 hours – C2855  
Instructor: Richard Roddewig
- B. “*Appraisal Curriculum Overview / Residential*” – 8 hours – C2857  
Instructors: Joseph Magdziarz & Richard Parli
- C. “*Appraisal Curriculum Overview / General*” – 15 hours – C2858  
Instructors: Joseph Magdziarz & Richard Parli

Board Member Kalkowski seconded the motion. Motion passed with Mitchell, Bain, Kalkowski, Moore, and Wilson voting aye.

Vice Chair Mitchell moved to approve the following continuing education seminars and instructors as listed:

**The Moore Group:**

- A. “Foreclosures” – 3 hours – C2840-I ONLINE  
Instructor: Bradford Moore - AQB/CAP approved Hondros
- B. “Sales Comparison Approach Seminar” – 7 hours – C2727-I  
Instructor: Bradford Moore - AQB/CAP approved Hondros

*Instructor:*

- C. “*Statistics, Modeling & Finance*” – 15 hours – CR/CG009  
Instructor: Dr. Charles Bare

Board Member Kalkowski seconded the motion. Motion passed with Bain, Kalkowski, Mitchell, and Wilson voting aye. Board Member Moore abstained.

## APPLICANTS & ENFORCEMENT

Vice Chair Mitchell moved that the Board go into executive session for the purpose of reviewing applicants for credentialing and consideration of written complaints and disciplinary action. A closed session is clearly necessary to prevent needless injury to the reputation of the individual or individuals relating to the issues of qualifying applicants and relating to the alleged violations of performance in real property appraisal practice and for a 1:00 p.m. informal conference for enforcement case #08-08. The time on the meeting clock was 11:32. Board Member Bain seconded the motion. The motion carried with Kalkowski, Moore, Mitchell, Bain, and Wilson voting aye.

Vice Chair Mitchell moved to come out of executive session at 2:25 p.m. Board Member Bain seconded the motion. The motion carried with Moore, Mitchell, Bain, Kalkowski, and Wilson voting aye.

Vice Chair Mitchell moved to take the following actions for the applicants for the license credential:

- L551 – Approve and select verification report(s)
- L567 – Approve and select verification report(s)

Vice Chair Mitchell moved to take the following actions for the applicants for the certified residential credential:

- CR179 – Approve applicant and select verification report(s) when log submitted.
- CR186 – Approve applicant and select verification report(s).
- CR203 – Deny and request three new reports and \$250.00 review fee.
- CR212 – Deny and request 2-4 family and \$250.00 review fee.
- CR215 – Approve and select verification report(s).
- CR220 – Approve applicant and select verification report(s).
- CR229 – Approve and select verification report(s) when log submitted.
- CR330 – Approve and select verification report(s).

Vice Chair Mitchell moved to take the following actions for the applicants for the certified general credential:

- CG417 – Completed additional education/document submitted. Approve and select verification report.
- CG434 – Approve applicant and select verification report(s).
- CG439 – Approve applicant and select verification report(s).
- CG443 – Deny and request three new reports and \$300 review fee.
- CG561 – Request Holdrege report be resubmitted.
- CG438 – Request report with “substantial” improvements/non-residential.
- CG562 – Deny and request one new report and \$300 review fee.

Vice Chair Mitchell moved to take the following actions for the submission of verification reports:

- CR191 – Approve for credential.
- CR204 – Approved but hold for credentialing.
- CG429 – Approve for credential.
- CG437 – Approve for credential.
- CG424 – Approve for credential.
- CG447 – Approve verification report. Need remaining log submission to be credentialed.

Board Member Bain seconded the motion. Motion carried with Mitchell, Bain, Kalkowski, Moore, and Wilson voting aye.

Vice Chair Mitchell moved to take the following enforcement actions:

07-05 & 07-17 – Approve extension until September 25, 2008 – with emphasis no further extension

- 07-18 – Completed requirements of Consent Agreement – Close.
- 07-24 – Forward to Attorney General’s office for civil litigation.
- 08-11 – Informal conference 1:00 p.m. August 21, 2008.
- 08-12 – Received report and workfile. Send for review.
- 08-13 – Received report and workfile. Send for review.
- 08-15 – Request true copy of report and workfile.
- 08-16 – Request true copy of report and workfile. Forward to Dept. of Banking.
- 08-17 – Request true copy of report and workfile.

Board Member Bain seconded the Motion. Motion carried with Bain, Kalkowski, Moore, Mitchell, and Wilson voting aye.

Board Member Bain moved to take the following enforcement action:

08-08 – Consent Agreement to education and 30-day suspension of credential. Education will include the following courses:  
15 Hour – Report Writing & Case Studies  
15-Hour – National USPAP course

Board Member Kalkowski seconded the Motion. Motion carried with Kalkowski, Moore, Bain, and Wilson voting aye. Vice Chair Mitchell was not present.

### **PERSONNEL**

Chair Wilson requested that “Personnel” be held until the August 21, 2008 meeting.

Tentative meeting dates were approved as follows:

September 18, 2008  
October 16, 2008  
November 20, 2008  
December 18, 2008

### **ADJOURNMENT**

Board Member Bain moved to adjourn the July 17<sup>th</sup> meeting. Board Member Moore seconded the motion. Motion carried.

At 3:40 p.m. Chair Wilson adjourned the July 17, 2008, meeting of the Real Property Appraiser Board.

Respectfully submitted,

Kitty Policky, Director

These minutes were available for public inspection on July 28, 2008, in compliance with Nebraska Statute §84-1413(5).