DRAFT – Subject to Board review and approval at meeting on June 21, 2012

REAL PROPERTY APPRAISER BOARD
Conference Room "F", Lower Level
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE

May 17, 2012 Meeting Minutes

A. OPENING

Chairman Brad Moore called to order the May 17, 2012 meeting of the Nebraska Real Property Appraiser Board at 9:00 a.m., in conference room F located on the lower level of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

B. NOTICE OF MEETING

Chairman Moore 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 in the May 15, 2012 edition of the *Lincoln Journal Star*, a legal newspaper of general circulation in this State, as required by the public meeting law. 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 Bradford Moore, Tom Kubert, Philip Barkley, Marc Woodle, and David Hartman were present. Also present were Director, Tyler Kohtz, and Staff Assistant, Kirsten Casburn.

ADOPTION OF THE AGENDA

Chairman Moore reminded those present for the meeting that the Agenda cannot be altered 24 hours prior to the meeting except for emergency items according to the Open Meetings Act. Board Member Kubert moved to adopt the Agenda as printed. Board Member Barkley seconded the motion. With no further discussion, the motion carried with Barkley, Kubert, Woodle, Hartman and Moore voting aye.

WELCOME GUESTS

Chairman Moore welcomed the guests to the meeting and asked that they please sign the guest log. Members of the public in attendance were Diane Moore and Brad Holloway.

C. APPROVAL OF THE MINUTES FROM APRIL 19, 2012

Chairman Moore asked for any additions or corrections to the April 19, 2012 minutes. Board Member Kubert asked that the word "Residential" be removed after the word "Licensed" in Section E, the Director's Report. Board Member Kubert also brought attention to Section M, and requested that Director Kohtz check the meeting notes to verify the Consent Agreements offered for investigations 11-21 and 11-22 included a 15-Hour Report Writing and Case Studies course, and not a 15-Hour Residential Report Writing and Case Studies course. Director Kohtz indicated that he will verify the course specified and make any necessary changes. With no further discussion Board Member Kubert moved to adopt the minutes as amended. Board Member Woodle seconded the motion. The motion carried with Kubert, Woodle, Hartman, Barkley and Moore voting aye.

D. CHAIRMAN'S REPORT

Chairman Moore welcomed board members and staff, and emphasized to the amount of information the Board must cover during the meeting. The Chairman also brought attention to the strategic planning meeting on June 7, 2012.

E. DIRECTOR'S REPORT

Director Kohtz presented fourteen charts outlining the number of appraisers and AMCs as of May 17, 2012. The Director summarized each chart and reported the number of appraisers as follows: 86 total Licensed, 79 resident and 7 reciprocal; 205 total Certified Residential, 172 resident and 33 reciprocal; 366 total Certified General, 261 resident and 105 reciprocal; and 16 Registered for a total of 673 appraisers. Total number of appraisers is up 4 from April, but significantly down from the 761 in May 2011 due to the drop in the number of Registered/Conversion appraisers. After a drop between December 2011 and January 2012 due to renewals, the number of appraisers is currently trending upwards slowly.

Director Kohtz then reported on the historic appraiser counts between 2000 and 2011. The number of appraisers held steady during the first part of the decade. Between 2007 and 2010, Certified General and Certified Residential experienced an upswing, but have slowly dropped since 2010. The number of Licensed appraisers has slowly declined since 2007. The Board discussed these statistics and attributed the drop in the number of appraisers to the current economic conditions and the increase in requirements to become credentialed.

The Director also addressed the number of temporary permits issued, which has held steady during the previous twelve month period, and during the previous five year period. In addition, Director Kohtz reported 73 AMCs are registered, and 3 new AMC applications have been submitted since the last meeting.

Finally, Director Kohtz brought notice to the board packet preparation process. Preparation will now begin on Tuesday, the week before the meeting, to ensure that the packets are to the board members early enough for adequate review.

F. FINANCIAL REPORT – APRIL 2012

The receipts and expenditures for April were reviewed by the Director by line item with the Board. For the appraiser fund, #25310, a total of $26,517.58 in expenditures and $4,385.23 in receivables were reported. For the AMC fund, #25320, a total of $646.00 in expenditures and $5,408.61 in receivables were reported. Considerations were made for expenditures for monthly obligations. No considerations were made for expenditures other than monthly obligations. As of the end of April, expenses amount to 74 percent of the budgeted expenditures for the fiscal year. Director Kohtz presented three charts outlining the Agency twelve month expenses and revenues, historic cash balance, and twelve month cash balance.

Director Kohtz also reported on the increases in agency expenses for the months of September 2011, November 2011, and February 2012 as requested by Board Member Kubert at the April meeting. Finally, the Director brought attention to the drop in AMC revenue, and mentioned that the revenue should stabilize during the next few months. A copy of the Budget Status Report and Receipt Journal for April is attached and considered part of these minutes.

Board Member Kubert moved to accept and file the April 2012 Budget Status reports for receipts and expenditures for audit. Board Member Barkley seconded the motion. The motion carried with Woodle, Hartman, Barkley, Kubert and Moore voting aye.

G. GENERAL PUBLIC COMMENTS

Chairman Moore asked for any public comments. With no comments the Chair proceeded to applicants and enforcement matters.

The Nebraska Real Property Appraiser Board will meet in executive session for approval of applicants and enforcement matters.

Board Member Barkley 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. The time on the meeting clock was 9:29 a.m. Board Member Kubert seconded the motion. The motion carried with Woodle, Hartman, Barkley, Kubert and Moore voting aye.

Break from 10:30 a.m. to 10:40 a.m.

Break from 12:00 p.m. to 12:06 p.m.

Board Member Hartman exited the meeting at 12:06 p.m.

Board Member Barkley moved to come out of executive session at 2:00 p.m. Board Member Kubert seconded the motion. The motion carried with Woodle, Barkley, Kubert and Moore voting aye.

H. CONSIDERATION OF APPLICANTS

1. **CREDENTIALING AS NEBRASKA REAL PROPERTY APPRAISER:** Board Member Barkley moved to take the following actions for credentialing applicants as listed:

   ST212 / Hold
   CR392 / Approved for credentialing as Certified Residential Appraiser
   CR394 / Approved for credentialing as Certified Residential Appraiser
   CG635 / Approved for credentialing as Certified General Appraiser
   CG636 / Approved to sit for exam and select reports for review
   CG631 / Hold; send letter notifying applicant of deficiencies communicated in Standard 3 Compliance Review Report and request list of appraisal assignments that meets USPAP Standards 1 and 2
   1G / Denied temporary permit for project specified in application
   1H / Certified General Appraiser credential renewed; send advisory letter requesting credential holder to provide quarterly logs for entire renewal period starting June 1, 2012.

   Board Member Kubert seconded the motion. Motion carried with Woodle, Barkley, Kubert and Moore voting aye.

2. **REGISTRATION AS APPRAISAL MANAGEMENT COMPANY:** Board Member Barkley moved to take the following actions for AMC applicants as listed:

   NE2012078 / Approved
   NE2012079 / Approved
   NE2012080 / Approved

   Board Member Kubert seconded the motion. Motion carried with Kubert, Woodle, Barkley and Moore voting aye.

I. CONSIDERATION OF DISCIPLINARY ACTIONS/ ENFORCEMENT MATTERS: Vice Chair Barkley moved to take the following enforcement actions:

11-03	Hold
11-04	Hold
11-05	Consent Agreement approved and signed by Board Chair
11-12	Hold
11-13	Hold
11-21	Consent Agreement approved and signed by Board Chair
11-22	Consent Agreement approved and signed by Board Chair
11-26	Request true copy of appraisal report and workfile from Respondent
11-27	Hold
12-03	Hold
12-05	Dismiss without Prejudice; send advisory letter informing Respondent of USPAP violations communicated in Standard 3 Compliance Review Report
12-06	Offer informal hearing to Respondent
12-07	Dismiss without Prejudice; send advisory letter informing Respondent of USPAP violations communicated in Standard 3 Compliance Review Report
12-09	Dismiss without Prejudice; send advisory letter informing Respondent of USPAP violations communicated in Standard 3 Compliance Review Report
12-10	Request true copy of appraisal report and workfile from Respondent
12-11	Offer informal hearing to Respondent

Board Member Woodle seconded the motion. Motion carried with Barkley, Kubert, Woodle and Moore voting aye.

The Board found a separate violation of the Nebraska Real Property Appraiser Act during review of the active investigations. Vice Chair Barkley moved to open a new investigation, 12-12, and request a true copy of the Standard 3 Compliance Review Report and workfile from the Respondent. Board Member Kubert seconded the motion. Motion carried with Barkley, Kubert, Woodle and Moore voting aye.

J. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS

The Board discussed AMC registration concerning an organization that believes it does not meet the requirements for registration as an AMC in Nebraska. After review of the information provided by the organization, Board Member Barkley moved to advise organization that it is required to register as an AMC in Nebraska. The motion was seconded by Board Member Woodle, and carried with Kubert, Woodle, Barkley and Moore.

The Board reviewed a letter from Standard 3 compliance reviewer concerning credential applicant L603. Board Member Barkley moved to request that applicant provide proof of attribution and reviewer complete the review of the applicant's three appraisal reports. Board Member Kubert seconded the motion. The motion was carried with Kubert, Woodle, Barkley and Moore.

The Board discussed documentation obtained from an organization's website. The organization appears to be offering an estimate or opinion of value of real estate for the purpose of real estate taxation appeals. A motion was made by Board Member Barkley to write a letter of inquiry to the organization. The motion was seconded by Board Member Kubert, and carried with Woodle, Barkley, Kubert and Moore.

K. EDUCATION

1. **AQB/CAP Core Curriculum Requests:** None

2. **Continuing Education Requests:** Board Member Barkley moved to approve the following courses as listed:

   A. **McKissock, LP, Warren, PA:**
      1. "Deriving and Supporting Adjustments"/ 3 hours / C21224-I

      2. "Introduction to Complex Appraisal Assignments"/ 5 hours / C21225-I

   B. **Appraisal Institute, Chicago, IL:**
      1. "Practical Regression Using Microsoft Excel"/ 14 hours / C21226

      2. "Case Studies in Appraisal for Green Commercial Buildings"/ 15 hours / C21227

   C. **The Moore Group, Lincoln, NE:**
      1. "Valuation by Comparison: Residential Analysis & Logic"/ 7 hours / C2741 ***(Renewal – Originally approved 8/23/2007)***

   Seconded by Woodle. Chairman Moore called for the vote. The motion carried with Woodle, Barkley and Kubert voting aye. Moore abstained.

   Board Member Barkley moved to approve the following course as amended:

   D. **American Society of Farm Managers and Rural Appraisers, Denver, CO:**
      1."Cost Approach for General Appraisers"/ 30 hour / C21228-I

   The motion was seconded by Kubert, and carried with Barkley, Kubert and Woodle voting aye. Moore abstained.

3. **Instructor Approval Requests:** Board Member Barkley moved to approve the following instructors as listed:

   A. **McKissock, LP, Warren, PA**:
      1. Chuck Huntoon - Deriving and Supporting Adjustments (C21224-I), and Introduction to Complex Appraisal Assignments (C21225-I)

      2. Dan Bradley - Deriving and Supporting Adjustments (C21224-I), and Introduction to Complex Appraisal Assignments (C21225-I)

      3. Tracy Martin - Deriving and Supporting Adjustments (C21224-I), and Introduction to Complex Appraisal Assignments (C21225-I)

   B. **Appraisal Institute, Chicago, IL:**
      1. John Urubek - Practical Regression Using Microsoft Excel (C21226)

      2. Theddi Chappell - Case Studies in Appraisal for Green Commercial Buildings (C21227)

   C. **The Moore Group, Lincoln, NE:**
      1. Diane Moore - Valuation by Comparison: Residential Analysis & Logic (C2741)

      2. Bradford Moore - Valuation by Comparison: Residential Analysis & Logic (C2741)

   D. **American Society of Farm Managers and Rural Appraisers, Denver, CO:**
      1. Howard Audsley – Cost Approach for General Appraisers (C21228-I)

   Second by Woodle. With no further discussion, Chairman Moore called for the vote. The motion carried with Kubert, Woodle and Barkley voting aye. Moore abstained.

L. BOARD POLICIES AND PROCEDURES

1. **MAY 17, 2012 BOARD POLICIES:** Discussion took place regarding Board Policies. One new Board Policy was introduced and one Board Policy was amended. Board Member Barkley moved to take the following actions as listed:

   06-03 / Approved
   12-04 / Approved

   Board Member Woodle seconded the motion. Motion carried with Kubert, Woodle, Barkley and Moore voting aye.

2. **AMC REGISTRATION PROCEDURES AND PROCESSES:** AMC registration procedures, along with an AMC Application Checklist and AMC Information Change Form were presented to the Board for discussion. After discussion, Board Member Kubert moved to take the following actions as listed:

   AMC Registration Procedure / Approved
   AMC Application Checklist / Approved
   AMC Information Change Form / Approved

   Second by Barkley. With no further discussion, Chairman Moore called for the vote. The motion carried with Woodle, Barkley, Kubert and Moore voting aye.

3. **APPLICATION UPDATES:** Changes to current applications were presented to the Board for review. With no further discussion, Board Member Barkley made a motion to take the following actions as listed:

   Application for Continuing Education / Approved
   Application for Education Renewal / Approved
   Application for Nebraska Real Property Appraiser (Reciprocal) / Approved

   Board Member Woodle seconded the motion. Motion carried with Woodle, Barkley, Kubert and Moore voting aye.

4. **REPORTING OF INVESTIGATIVE INFORMATION TO PROFESSIONAL ORGANIZATIONS:** Board Member Kubert contacted Stephanie Coleman with the Appraisal Institute regarding requirements to report disciplinary action. Ms. Coleman indicated that members are not required to report disciplinary action, but are given the opportunity to report disciplinary action if wanted.

M. UNFINISHED BUSINESS

1. **2012 AUDIT UPDATE:** No new information.

2. **AMC UPDATE MEMO:** Director Kohtz presented the AMC Update Memo to the Board for review and approval. The Board requested that the first three sentences of the introduction be removed, and that the dates and statistics be updated to reflect the numbers as of the date of the board meeting. Board Member Barkley motioned to send out the AMC Update Memo as amended. Kubert seconded the motion. The motion carried with Barkley, Kubert, Woodle and Moore voting aye.

3. **STATE AGENCY RESPONSES TO MULTIPLE INSTRUCTOR APPLICATIONS:** Discussion took place regarding the responses received from other agencies pertaining to how the agency defines what an instructor is. Director Kohtz summarized the responses received, and indicated that the definition of instructor is inconsistent between agencies. Board Member Kubert mentioned the Nebraska State Bar Association has similar requirements for continuing education, so the Bar Association may be a good source. Director Kohtz will contact the Bar Association to inquire how it defines what an instructor is for continuing education.

4. **NEW CREDENTIAL UPDATE – TOM KUBERT**: No new information.

N. NEW BUSINESS

1. **ALABAMA LETTER TO AMCS:** The Board discussed a letter sent to AMCs from the Alabama Real Estate Appraiser Board concerning "customary and reasonable fees." In the letter, the Alabama Board asks AMCs how the company derived at its customary and reasonable fees. The Board expressed interest in the Alabama Board's intentions, and requested that Director Kohtz contact the Executive Director, Lisa Brooks, to inquire about the Alabama Board's intentions and the responses received from AMCs to date.

2. **AMP TESTING SERVICE CONTRACT:** The contract for AMP to provide computer-based test administration and reporting services for Nebraska credential applicants was presented to the Board for review. The contract begins on July 1, 2012 and runs through June 30, 2013. Board Member Barkley moved to approve the AMP Testing Service Contract. The motion was seconded by Woodle, and carried with Kubert, Woodle, Barkley and Moore voting aye.

3. **COUNTY APPRAISER CONTRACTS:** Discussion took place regarding Nebraska counties that may hold contracts with non-credentialed individuals for appraisal services. A list was reviewed by the Board, which includes each Nebraska county and the county's contractor for appraisal services. Many of the individuals on the list are not Nebraska credential holders. Board Member Kubert highlighted options the Board has to address this issue. After discussion, Board Member Kubert made a motion to send a letter of inquiry to each Nebraska county with a contractor for appraisal services shown on the list. Second by Board Member Barkley. The motion carried with Woodle, Barkley, Kubert and Moore voting aye.

4. **CREW MIDWEST LETTER:** The Board reviewed the draft letter to Crew Midwest addressing the requirement to submit applications for each of the workshop's instructors. The Board agreed that until "instructor" is defined, the letter should be held.

5. **ONLINE VERIFICATION OF CONTINUING EDUCATION:** Staff Assistant Casburn contacted Juli Jurgens with the CIO's office to inquire about the possibility of implementing online verification of continuing education for credential holders. Ms. Jurgens indicated that online continuing education verification was always an available option for the Board. It was included in the original package the Board agreed to for development of the website. The Board was presented with examples of the screens credential holder may see while obtaining their continuing education record. Board Member Barkley moved to authorize the Director to implement online continuing education verification on the Board's website. Seconded by Kubert. The motion carried with Woodle, Barkley, Kubert and Moore.

6. **AARO RECIPROCITY SURVEY:** A survey from AARO was sent out to all state appraiser regulatory agencies regarding reciprocity requirements. Director Kohtz brought this to the Board's attention because of conversations the Board has recently had regarding this matter. It is the Board's view that any appraiser being received from another state should comply with all requirements for credentialing in Nebraska that exceed the host state's requirements at the time of application.

7. **APPOINTMENT OF AT LARGE REPRESENTATIVE OF FINANCIAL INSTITUTIONS:** Board Member Hartman's resignation letter to the Governor was discussed. The Board would like to move quickly to find a replacement to fill the remainder of Board Member Hartman's term. Director Kohtz will send out a memo to appraisers regarding Board Member Hartman's resignation. The board members also agreed that no advertising is needed for the position; the board will rely on word of mouth. The Banker's Association was mentioned as a good source to get the word out. Director Kohtz will send a notice to the Banker's Association, and any other professional banking organizations that might be able to assist the Board.

O. NEXT MEETING DATE – JUNE 7, 2012, LOWER LEVEL "A" NSOB

P. ADJOURNMENT

Board Member Barkley moved to adjourn the meeting. Board Member Kubert seconded the motion. Motion carried with Woodle, Barkley, Kubert and Moore voting aye.

At 4:20 p.m. Chairman Moore adjourned the May 17, 2012 meeting of the Real Property Appraiser Board. The next meeting is scheduled for June 7, 2012 in Conference Room A located on the Lower level of the NSOB.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on May 30, 2012, in compliance with Nebraska Statute §84-1413(5).