

**NEBRASKA REAL PROPERTY APPRAISER BOARD
CONFERENCE ROOM “F”, LOWER LEVEL
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE**

June 18, 2015 Meeting Minutes

A. OPENING

Chairman Thomas Kubert called to order the June 18, 2015 meeting of the Nebraska Real Property Appraiser Board at 8:07 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 Kubert 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 June 15, 2015 edition of the *Lincoln Journal Star*, a legal newspaper of general circulation in this state, as required by the Open Meetings Act. 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 Thomas Kubert, Marc Woodle, Christopher Langemeier, Larry Saxton, and Sandra Gutwein were present. Also present were Director, Tyler Kohtz, and Compliance and Education Specialist, Anthony Dreesen, and Business and Licensing Specialist, Jayme Kienholz-Howsden.

ADOPTION OF THE AGENDA

Chairman Kubert 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 Saxton moved to adopt the agenda as printed. Board Member Woodle seconded the motion. With no further discussion, the motion carried with Gutwein, Saxton, Langemeier, Woodle, and Kubert voting aye.

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

Board Member Woodle moved that the Board go into executive session for the purpose of reviewing applicants for credentialing, applicants for appraisal management company registration, investigations, and other sensitive matters. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. The time on the meeting clock was 8:09 a.m. Board Member Langemeier seconded the motion. The motion carried with Woodle, Langemeier, Saxton, Gutwein, and Kubert voting aye.

Break from 9:30 a.m. to 9:46 a.m.

Marty Giff appeared before the Board.

Board Member Woodle moved to come out of executive session at 10:27 a.m. Board Member Langemeier seconded the motion. The motion carried with Langemeier, Saxton, Woodle, Gutwein, and Kubert voting aye.

Break from 10:27 a.m. to 10:35 a.m.

G. WELCOME AND CHAIR'S REMARKS

Chairman Kubert welcomed everyone in attendance. Diane Moore was the only member of the public in attendance.

H. BOARD MEETING MINUTES

1. APPROVAL OF MAY 21, 2015 MEETING MINUTES

Chairman Kubert asked for any additions or corrections to the May 21, 2015 minutes. With no further discussion, the Chairman called for a vote. Board Member Saxton moved to adopt the May 21, 2015 meeting minutes as presented. Board Member Woodle seconded the motion. The motion carried with Langemeier, Saxton, Gutwein, Woodle, and Kubert voting aye.

I. DIRECTOR'S REPORT

Director Kohtz presented twelve charts outlining the number of appraisers and AMCs as of June 18, 2015. The Director summarized each chart and reported the number of appraisers as follows: 68 total Licensed, 64 resident and 4 reciprocal; 223 total Certified Residential, 183 resident and 40 reciprocal; 391 total Certified General, 245 resident and 146 reciprocal; and 0 Registered for a total of 682 appraisers. The total number of appraisers is up 8 from May, and down 11 from June 2014. The Director also informed the Board that there are 55 Trainees, which is down one compared to May, and up 6 from June 2014. Board Member Kubert commented that it is amazing to see the consistent drop in the number of Nebraska resident real property appraisers. Director Kohtz pointed to the rise in Certified Residential, and indicated that there may be a correlation between the Certified Residential and Licensed numbers, but the Certified General trend is definitely concerning.

In addition, the Director addressed the number of temporary permits issued. There were 22 permits issued in May compared to 18 permits issued in April. As of May 31, 2015, 85 temporary permits have been issued for the calendar year. Finally, Director Kohtz reported 102 AMCs registered; two organizations surrendered registration.

J. FINANCIAL REPORT AND CONSIDERATIONS – MAY 2015

1. APPROVAL OF APRIL RECEIPTS AND EXPENDITURES

The receipts and expenditures for May were reviewed by the Director by line item with the Board. Director Kohtz provided details related to some specific May expenses, and informed the Board that the relocation purchases are starting to show up. For the Real Property Appraiser Program, which includes both the appraiser fund and the AMC fund, a total of \$30,222.15 in expenditures and \$11,244.85 in revenues were reported. As of the end of May, expenses amount to 85.79 percent of the budgeted expenditures for the fiscal year; 91.78 percent of the fiscal year has passed. Finally, Director Kohtz presented three charts outlining the Agency twelve month expenses and revenues, historic cash balance, and twelve month cash balance.

Board Member Woodle moved to accept and file the May 2015 budget reports for audit.

Board Member Gutwein seconded the motion. The motion carried with Saxton, Langemeier, Woodle, Gutwein, and Kubert voting aye.

- 2. FEDERAL REGISTRY FEE LIABILITY ACCOUNT BALANCE:** A negative balance of \$3,307.50 in the federal registry fee liability account was discussed at the May meeting. The Board requested that Director Kohtz research the effect that a balance transfer might have on the Board's appropriations for FY 2014-15. Director Kohtz informed the Board that he discussed the various options to complete this transaction with Amy Wilson in Administrative Services Accounting, but she was unable to determine the effect the transfer might have on the Board's appropriations until after the transaction is completed. The Director was requested to proceed with the transfer.

Director Kohtz requested approval for \$375.00 to purchase a new cast iron seal press. The Director informed the Board that the Board's current press is no longer effective. With no further discussion, Board Member Saxton moved to approve \$375.00 for the purchase of a new cast iron seal press. The motion was seconded by Woodle, and carried with Saxton, Gutwein, Woodle, Langemeier, and Kubert voting aye.

Lunch served to board members and staff at 11:30 a.m.

K. GENERAL PUBLIC COMMENTS

Chairman Kubert asked for any public comments. Diane Moore thanked the Board for its hard work and for being available when needed.

L. EDUCATION

Board Member Woodle moved to take the following actions on education and instructor requests as listed:

Renewal of Continuing Education Activities and Instructors

1. McKissock, LP
 - a. Essential Elements of Disclosure and Disclaimers (C21038-I)/5 Hours - *Approve*
 1. Dan Bradley - *Approve*

New Continuing Education Activities and Instructors

2. Appraisal Institute
 - a. Online Thinking Outside the Form (C21535-I)/4 Hours - *Approve*
 1. Alan Simmons - *Approve*

Seconded by Saxton. Chairman Kubert called for the vote. The motion carried with Langemeier, Woodle, Gutwein, Saxton, and Kubert voting aye.

M. UNFINISHED BUSINESS

1. **NRPAB OFFICE RELOCATION UPDATE:** Director Kohtz informed the Board that the agency is scheduled to relocate to the new space next week, and will begin preparing tomorrow. Board Member Kubert asked if the agency will provide notice to the public. Director Kohtz responded that a message will be placed on the Facebook page. Board Member Langemeier asked Director Kohtz to send out a blast email to appraisers bringing attention to the move as well. The Director indicated that this will be done.
2. **SUPERVISORY APPRAISER DISCLOSURE:** At the May meeting, Director Kohtz informed the Board that he will discuss the publishing of supervisory appraiser information with the Attorney General's Office and report back. The Director informed the Board that there are no restrictions related to publishing this information, and that this could easily be accomplished through the Board's appraiser listing on the website. Board Member Kubert indicated that he is comfortable with releasing the information if a proper written request is made, but he is not comfortable with putting the names of the supervisory appraisers out there for everyone to see. Board Member Kubert continued by saying that he does not want random people contacting him requesting that he be their supervisor. Board Member Langemeier agreed with Board Member Kubert. Director Kohtz informed the Board that the agency will continue to release supervisory appraiser information only when a proper request is made.

N. NEW BUSINESS

- 1. COMPLIANCE AND LICENSING SPECIALIST POSITION OPENING:** Director Kohtz presented the job description for the Compliance and Licensing Specialist position, and provided an update to the Board concerning the process and timeframe. Director Kohtz indicated that he intends to have a new Compliance and Licensing Specialist on Board by the July meeting, which will also give the new hire time to work with outgoing Compliance and Licensing Specialist Dreesen. There was no further discussion.

O. LEGISLATIVE REPORT AND BUSINESS

- 1. LR258:** Director Kohtz presented LR258 to the Board for review concerning activities that should or should not be subject to the Nebraska Real Property Appraiser Act, and informed the Board that he recommends no action until participation is in the Board's best interest or a hearing is scheduled. The Board agreed with the Director's recommendation.
- 2. TITLE 298:** Director Kohtz informed the Board that AAG Hart is currently conducting a preliminary review. Once her review is complete, she will offer her recommendations for the Board to consider.

P. BOARD POLICIES AND PROCEDURES: No discussion.

Q. OTHER BUSINESS

- 1. BOARD MEETINGS:** Director Kohtz reminded the Board that the July meeting will be on Wednesday, July 22, 2015.
- 2. CONFERENCES/EDUCATION:** No discussion.
- 3. MEMOS FROM THE BOARD:** No discussion.
- 4. APPRAISAL SUBCOMMITTEE:** No discussion.
- 5. APPRAISAL FOUNDATION**
 - a. The Appraisal Foundation/ Appraisal Institute Communications:** Director Kohtz presented a series of letters and press releases by The Appraisal Foundation and the Appraisal Institute regarding potential federal legislation addressing real property appraiser qualifications and valuation standards. The Director recommended that the Board not have a position until more information is known; the Board agreed with this recommendation. Board Member Kubert indicated that disagreement between these two entities is nothing new. No further discussion took place.
- 6. IN THE NEWS:** No discussion.

R. 2015-16 STRATEGIC PLANNING

- 1. CHAIRMAN'S STATE OF THE BOARD REPORT:** Chairman Kubert began his report by indicating that things are going very well. He continued by saying that he appreciates the effort by both his fellow board members and the staff, and declared that the foundation is in place for years of success. The Chairman finished his report by bringing attention to the procedure for strategic planning, and informed the Board and staff that this session is intended to provide direction for the staff, not reach final conclusions on the matters discussed.

- 2. DIRECTOR'S COMMENTS:** Director Kohtz thanked the Board and staff for their hard work, and stated that the past year has been very successful. LB139 was passed resulting in major changes to the Real Property Appraiser Act; the appraiser application process was adjusted to improve efficiency, and reduce the time it takes to move through the credentialing process; board members have been removed from the investigative process and a facts based procedure has been established; the three year relocation effort will conclude soon; changes resulting from LB717 have successfully been implemented; and the Board received funding for the majority of its requests for the 2015-17 biennial period.

The Director also provided insight into some areas that he felt expectations were not met. The database project will not be completed by the end of the fiscal year as promised by CIO. Director Kohtz informed the Board that he intends to have CIO complete the projects as promised last July at no cost to the Board. The Director informed the Board that he would have liked to spend more time evaluating and building the Standard 3 reviewer program, and that not enough work was done to develop a plan to increase the number of Nebraska credentialed appraisers. Director Kohtz informed the Board that staff training, and law and rules drafting took time away from pursuing these matters.

Director Kohtz then turned to the future, and indicated that priorities include the USPAP update bill, developing a plan for addressing the AMC Final Rule effective in October, monitoring ongoing regulatory matters, continuing to develop the rules and regulations, developing a plan to increase the number of Nebraska credentialed appraisers, implementing the changes resulting from LB139 passing, continuing to build the database, and offering the first ever customer satisfaction survey.

The Director finished by reiterating the Chairman's comments that strategic planning is the Board's opportunity to provide a road map for the staff to follow. The goal is to set objectives, not to establish how the objective will be accomplished.

- 3. REVIEW OF 2014-15 STRATEGIC PLANNING GOALS AND OBJECTIVES:** The Board reviewed each goal and objective set for 2014, and evaluated the progress made on each item. The following items were noted:

- The completion date of December 31, 2014 was not met for the rules and regulations update, but the update became a complete overhaul, which added more time to completion. Title 298 is currently at the Attorney General's Office for preliminary review.
- The expected completion date for expanding the Standard 3 reviewer program, developing background check review guidelines, and developing a plan to increase the number of appraisers credentialed in Nebraska will all be moved to July 1, 2016.
- The education course processes and procedures and course number redevelopment will follow approval of the Title 298 draft. The education program is being defined with great detail in Title 298 for the first time, and little work will be required to complete this goal. The expected completion date will be moved to July 1, 2016.
- The employee handbook is completed and will be presented to the Board for approval at the July meeting.

- The expected completion date for working with the Banking, Commerce, and Insurance Committee's Legal Counsel to address, and if possible, resolve issues found in LB684 will be moved to July 1, 2017. This goal completion will also depend on how the Board addresses the requirements of the AMC Final Rule.
- The goal to expand the Standard 3 reviewer program will be expanded to include the development and training of Subject Matter Experts for investigations.

4. FINANCIAL

- Review of Current Fiscal Year:** The Board reviewed the expenses and revenues for the current fiscal year as of June 11, 2015. Director Kohtz provided details related to some specific expense totals. For the Real Property Appraiser Program, which includes both the appraiser fund and the AMC fund, a total of \$344,073.22 in expenditures and \$364,863.25 in revenues were reported. As of June 11th, expenses amount to 89.84 percent of the budgeted expenditures, and revenues amount to 101.21 percent, for the fiscal year; 94.79 percent of the fiscal year has passed. The Director informed the Board that the majority of the relocation costs will be encumbered into the next fiscal year, so the actual expenditures will finish within 10 percent of budgeted.
- 2015-16 Projections:** Director Kohtz presented four graphs outlining revenue and expenditure projections during the next two fiscal years. Director Kohtz informed the Board that the expenditures were based on a seventy-five percent, twenty-five percent split between the Real Property Appraiser Fund and the AMC Fund. The Director anticipates a reduction in the overall cash balance of \$80,000.00 during the next two fiscal years; the upcoming database project has an allocation of \$79,409.00. The Board's current expenses and revenues are balancing, and specific funding will be considered for large projects in the future.
- FY 2015-16 Budget:** Director Kohtz presented the preliminary FY 2015-16 budget to the Board for review, and highlighted the following items:
 - FY 2015-16 includes projected non-appropriated expenditures in the amount of \$26,762.00.
 1. Personnel issues resulting in a vacation payout of \$870.00 for departing employee, and a projected additional temporary SOS Employee expenditure in the amount of \$4,542.00 to cover regular full-time employee on leave.
 2. Projected health insurance increases in the amount of \$17,240.00. \$2,186.00 included for employee change of plans at six months, and \$15,054.00 for new hire.
 3. Projected board member travel expenses increase in the amount of \$4,110.00.
 - A Budget Deficit Request may be submitted to the Appropriations Committee in September to recover a portion or all of the above expenditures as needed.

- Due to changes in the Board’s investigation program, reviewer fees have to be reassessed. A number of scenarios were tested to reach the most effective conclusion. The projected Contractual Services expenditures in the FY 2015-16 budget are based on the following changes to applicant review fees and subject matter expert fees, and a change in applicant appraisal review policy. The proposed budget includes funding to have only one of the three submitted applicant appraisal reports sent for Standard 3 review initially. Upon the Board’s evaluation of the result, the Board has the right to request that one or both of the other reports are sent for Standard 3 review. This adjustment will reduce the initial applicant reviewer expenditures, which will allow for more “Contractual Services” funding to be used on investigations.

Applicant Reviews

Residential: 4 Hours x \$75.00 = \$300.00

2-4 Family: 6 Hours x \$75.00 = \$450.00

Agriculture: 8 Hours x \$75.00 = \$600.00

Commercial: 10 Hours X \$75.00 = \$750.00

SME

Residential: 6 Hours x \$75.00 = \$450.00

2-4 Family: 9 Hours x \$75.00 = \$675.00

Agriculture: 12 Hours x \$75.00 = \$900.00

Commercial: 15 Hours X \$75.00 = \$1125.00

The above fees result in a contract at \$75.00 per hour with caps on the amount of billable hours based on property type. The SME fees allow for billable time at 150% of applicant reviews. At 150%, the fees are clean, appropriate emphasis on given to SME reviews, and future adjustments to the hourly rate can easily be made.

- An amount of \$3,000.00 for “other use per diems” is included in PSL as authorized by LB139A (\$7,500.00). This amount may be used for advisory meetings, committee meetings, AARO Conference attendance, and other matters as approved. A new agenda item will be created for requests.
- The Data Processing Expense account includes \$79,410.00 for the database improvement projects as appropriated. This funding will cover the addition of the Investigation and the Education Interfaces.
- An amount of \$5,720.00 is included in the FY 2015-16 budget for a seasonal SOS Temporary Employee (Secretary II) to assist with renewals from October through December.
- The proposed FY 2015-16 budget does not include an amount for the purchase of USPAP books for distribution to resident appraisers or for retail purposes.
- The proposed budget includes travel expenses for one individual to attend the Fall and Spring AARO Conference during FY 2015-16.

Board Member Kubert asked, “Does the cap for SME fees accounts for preparation and attendance at hearing?” Director Kohtz responded, “It does not at this time.” Chairman Kubert followed by asking, “Can the contract include a provision that allows the Board to renegotiate the hourly rate and/or cap if a matter proceeds to hearing?” Director Kohtz informed the Board that he will include this provision in the Board Policy and the SME Contract.

Board Member Saxton asked if sending only one report for review will be enough to effectively evaluate an applicant. Director Kohtz responded, “The Board will always have the option to send all three reports. This is intended to be a method for the Board to save some funding in “Contractual Services” when an applicant does not need all three reports reviewed, or if the Board sees the same issues in all three reports submitted. Once the Board reviews all three reports and the Standard 3 review, it can make the decision to send additional reports for review.” Board Member Saxton indicated that the quality of reviews is still an issue for him and he would like to discuss it more during this meeting. Director Kohtz informed the Board that this would be a good discussion under “Compliance,” or “Credentialing and Registration.”

Chairman Kubert brought attention to the lack of funding for distribution of USPAP books and asked Director Kohtz for more information. The Director informed the Board that the Appropriations Committee has been very clear that it does not see the distribution of USPAP books to Nebraska resident appraisers as a necessary expense, and with the projected non-appropriated expenditures, the Board does not have the required \$18,000.00 for the distribution of USPAP books. Director Kohtz indicated that he is working with The Appraisal Foundation regarding the ability to distribute the electronic version of USPAP to Nebraska appraisers. The Director also informed the Board that the retail expense for USPAP books is approximately \$9,000.00 for the first year of the budget cycle, which is also not included in the budget, but the Director indicated that he is currently working with State Accounting to set up a liability account similar to what is in place for Federal Registry fees. If an appraiser or education provider would like USPAP books, they would fill out a form and return it, along with the payment, to the office. The office would then place an order with The Appraisal Foundation, which would send the book directly to the purchaser and collect the payment from the Board. Board Member Langemeier said, “The Board could always include a checkbox on the application for the appraiser to check if they want a USPAP book. The amount could be collected at that time.” Director Kohtz responded, “That is a great idea, and easily doable.” The Director informed the Board that he will continue to work on this.

d. Fees: No discussion.

5. LEGISLATIVE GOALS AND OBJECTIVES

a. Real Property Appraiser Act: Director Kohtz informed the Board that work will begin on the USPAP update bill in August for introduction during the 2016 legislative session. The Director asked if there was a need for more discussion concerning errors and omissions insurance. The Board asked the Director to remove the item from the strategic planning meeting agenda. No further discussion took place.

- b. Appraisal Management Company Registration Act:** Director Kohtz indicated that the AMC Final Rule will go into effect August 10, 2015, which gives states until August 10, 2018 to become compliant with the requirements. The Director continued by saying that with this time, it would be wise to introduce any needed legislation at the beginning of the next full session, and recommends no action until FY 2016-17. The Director also indicated that he would like to see a committee consisting of board members and staff put together to discuss the language in LB684, and what may be carried forward to a new bill.

The Director then asked if the Board had any discussion points concerning “Customary and Reasonable Fees.” Board Member Woodle indicated that he would like to see something enforceable, but was unsure how to get there. Board Member Saxton asked what other states do. Director Kohtz informed the Board that some states have completed studies establishing what is customary and reasonable, but even a study is not completely accurate. What is considered to be customary and reasonable in Omaha is not the same as it would be in Alliance, Nebraska. The Director continued by saying that the Board’s current official position is that the Federal Truth and Lending Act is the appropriate source for “Customary and Reasonable Fees,” so this topic is more of a federal issue. The Board indicated that this is worth exploring again. The Director was asked if it would be best to establish what is considered to be customary and reasonable up front, or after a complaint is filed. Board Member Saxton indicated that it would be reasonable to gather this information as part of an investigation, while Board Member Woodle felt that having customary and reasonable defined would help guide an investigation. The Board agreed that further exploration is required on this topic, and set a goal to have a direction by July 1, 2016.

- c. Title 297:** No discussion.

- d. Title 298:** The Director informed the Board that the current draft of Title 298 is at the Attorney General’s Office for preliminary review. The Board agreed that the rules should be finalized by January 1, 2016.

6. COMPLIANCE

- a. Review of Enforcements/ Investigations:** Compliance and Education Specialist Dreesen presented nine charts and graphs to the Board for review outlining the status of the enforcement program. Board Member Kubert stated, “It is interesting to see the high number of grievances under consent.” Board Member Kubert also asked, “Can a different format be utilized for the “Resolution of Investigations by Credential Level,” and the “Resolution of Inquiries by Credential Level” documents? They are hard to read with so much information.” Director Kohtz responded that the documents will be changed for the next strategic planning session.

- b. Enforcement Program Goals and Objectives:** Director Kohtz brought attention to the major changes that have taken place during the past year, and indicated that there will likely be some issues that will need to be addressed during the next fiscal year. The Director then asked, “With this under consideration, does the Board have any goals and/or objectives for this next fiscal year?” Board Member Saxton declared, “I would like to see a more detailed review process. I just can’t get over some of the issues that we have had with reviewers in the past, and until those issues are dealt with, we will continue having the same problems.” Board Member Woodle followed by saying, “We changed the entire process to remove the board members and conduct fact based investigations. We have not given the changes time to work yet.”

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Board Member Saxton responded, “The process is changed, but the same problem will continue until a change is made with the reviewers. We need more reviewers on each grievance, or we need better training for reviewers.” Director Kohtz stated, “The investigative process is interactive, it is no longer conducted in a vacuum. Staff will be in constant contact with the SME, and the expectations will be made known before a contract is executed. With this being said, I believe that a training program would be beneficial to all those entering contracts as SMEs or as reviewers for applicants.”

The Board established that an SME/Reviewer Training Program and monitoring the effectiveness of the new compliance process are the goals for the next fiscal year.

7. CREDENTIALING AND REGISTRATION

- a. Review of 2014-15:** A review of the credentialing and AMC registration programs took place for the 2014-15 fiscal year. The number of reciprocal credentials continues to rise, while the total number of resident credential holders have remained steady. The number of resident Certified General Real Property Appraisers and Licensed Residential Real Property Appraisers have decreased consistently, while the number of Certified Residential Real Property Appraisers have increased at a consistent rate. Overall, the number of appraisers is slowly beginning to trend upwards. The number of temporary permits issued per year has rebounded after a down year last year. Finally, the number of registered AMCs is now decreasing. There have been a number of mergers and non-renewals during the past fiscal year, which means that the market is likely pushing out those weaker companies.
- b. 2015-16 Projections:** The Director presented six graphs for the Board’s analysis. The first three graphs outlined the trends for resident appraisers, reciprocal appraisers, and total appraisers. The next graph outlined the Trainee Real Property Appraiser trends, and the last graph outlined the number of registered AMCs. The number of reciprocal credentials are projected to continue rising, while the total number of resident credential holders are projected to continue remaining steady. Temporary permits are projected to remain strong into the next fiscal year. Finally, Director Kohtz indicated that he anticipates that the decline in the number of AMCs will level off during the FY 2015-16 fiscal year.
- c. Real Property Appraiser Credentials:** Director Kohtz presented the following 2015 real property appraiser non-renewal facts to the Board for review:
 - Sixty total credentials not renewed in 2015.
 - 316 active credential holders have held credential for more than ten years.
 - Thirty-eight total Certified General credentials not renewed, and twenty-three of those that did not renew held credential for more than ten years (9 reciprocal, 14 resident). Of those, thirteen were issued credentials in the 1990s. Currently, 207 (53%) active credential holders have held credential for more than ten years, of those 180 (46%) were issued a credential in the 1990s. Fifteen of those that did not renew held credential for less than ten years (13 reciprocal, 2 resident).

- Fifteen total Certified Residential credentials were not renewed, and only one of those that did not renew held credential for more than ten years (1 resident), which was also issued in the 1990s. Currently, seventy-three (32%) active credential holders have held credential for more than ten years, of those fifty (22%) were issued a credential in the 1990s. Fourteen of those that did not renew held credential for less than ten years (10 reciprocals, 5 resident).
- Seven total Licensed Residential credentials not renewed, and four of those that did not renew held credential for more than ten years (4 resident). Of those, three were issued credentials in 1990s. Currently, thirty-six (53%) active credential holders have held credential for more than ten years, of those, twenty-one (31%) were issued a credential in the 1990s. Three of those that did not renew held credentials for less than ten years (2 reciprocal, 1 resident).

Director Kohtz noted that the number of reciprocal credential holders not renewing and the number of retiring appraisers had the most impact on the total number of non-renewals. However, the most interesting fact is the number of current appraisers that have held a credential for ten years or longer. The Board agreed that replacing these individuals will be the challenge of the future.

The Director asked if the Board had any additional comments or discussion points concerning Real Property Appraiser credentials. A discussion took place concerning the progress of Trainee Real Property Appraisers. Specifically, what can be done to ensure they are receiving the best training? A couple suggestions included offering an early trainee log review, and offering a trainee question/answer session. Director Kohtz informed the Board that South Dakota does a mid-training appraisal report review. The Board agreed that it didn't want to go that far, but a quarterly or semi-annual question/answer session could be beneficial to the trainee's development. The Board set a goal to explore this possibility during the next fiscal year.

- d. **Reciprocity:** Director Kohtz brought attention to the ASC's finding during the last audit in which it considered the Board's authority to request an appraisal log from a reciprocal applicant to be non-compliant with Title XI without first determining if the credentialing standards of that jurisdiction meet or exceed the requirements in Nebraska. Director Kohtz informed the Board that the authority can still be utilized by developing a series of checkboxes on the application that address the standards in the applicant's jurisdiction of practice. After discussion, the Board agreed that there is no reason to pursue this further, and that the language should be removed from the Real Property Appraiser Act when language is drafted for the USPAP update bill. Director Kohtz informed the Board that he will proceed with the changes.
- e. **Temporary Practice:** No discussion.
- f. **Real Property Associate:** Board Member Kubert asked, "Will the Real Property Associate go into effect during this fiscal year?" Director Kohtz responded, "Yes, once LB139 becomes law and is codified, staff will start putting the program together and updating the rules."
- g. **AMC Registration:** No discussion.
- h. **2015-16 Goals and Objectives:** The Board established the following goals:
 - Continue the current goal of developing plan to increase the number of Nebraska credentialed appraisers.

- Explore a possible question/answer session for trainees.
- Remove log requirements for reciprocal applicants from the Real Property Appraiser Act.
- Implement Real Property Associate.

8. EDUCATION

- a. Qualifying Education:** Director Kohtz asked the Board if it was still comfortable with requiring that all core-curriculum qualifying education be AQB approved. After a brief discussion, the Board agreed that it is satisfied with the current requirements.

Director Kohtz brought attention to a practicum course developed by Lynne Heiden long ago, and asked the Board if it has considered promoting practicum courses in the future as a non-traditional path for experience. The Board asked Diane Moore, who was sitting in the public section, what her opinion of practicum courses is as an education provider. Ms. Moore indicated that practicum courses are not cost effective. They take too much time, cost too much to develop, and there are not enough potential students. The Board discussed the possibility of a Board sponsored practicum course briefly and concluded that it is not practical.

- b. Continuing Education:** No discussion.
- c. Trainee/Supervisory Appraiser Course:** No discussion.
- d. Post-Graduate Education:** Chairman Kubert asked if the Board has had any recent communication with the University of Nebraska at Omaha. Director Kohtz indicated that he had a brief discussion with Steven Shultz around six months ago about the school's Real Estate Program working towards AQB approval in the future, but Mr. Shultz had too many projects active at that time. The Director informed the Board that there has been a change in the Program Chair and it may be beneficial to reach out to UNO again.
- e. 2015-16 Goals and Objectives:** Re-establish communication with the University of Nebraska at Omaha concerning the potential AQB approval of its Real Estate Program.

9. PUBLIC INFORMATION

- a. Website:** No discussion.
- b. Memos From the Board:** Director Kohtz informed the Board that he would like to provide more opportunities for staff to write Memos From the Board for less important things to maintain regular contact. The Director continued by saying that he would like to do more things like the quarterly appraiser count update. Board Member Langemeier indicated that the information on the 2015 Real Property Appraiser Non-renewal Facts would be a good opportunity for such of a memo.
- c. Facebook Page:** No discussion.
- d. Other:** No discussion.
- e. 2015-16 Goals and Objectives:** Encourage staff to develop Memos From the Board and Facebook posts that contain information the appraiser community may be interested in.

10. ADMINISTRATION

- a. **Policies and Procedures:** Director Kohtz informed the Board that the agency will continue to develop policies and procedures as needed to operate effectively and efficiently.
- b. **Retention Schedule:** Director Kohtz informed the Board that its retention schedule is being reviewed by Records Management right now, so it will be active very soon.
- c. **NRPAB Database:** Director Kohtz informed the Board that work will continue on the Database as funding is available. The Director will present secondary projects to the Board as they are developed.
- d. **Other:** No discussion.

11. **PERSONNEL GOALS AND OBJECTIVES:** No discussion.

12. **Other Matters:** No discussion.

C. CONSIDERATION OF APPLICANTS AS NEBRASKA REAL PROPERTY APPRAISER:

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

T15003 / Requirements for credentialing as a Trainee Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check.

T15004 / Requirements for credentialing as a Trainee Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check.

T15003 (SA) / Approve as Supervisory Appraiser.

T2014037 (SA) / Approve as Supervisory Appraiser.

Board Member Langemeier seconded the motion. Motion carried with Saxton, Langemeier, Woodle, Gutwein, and Kubert voting aye.

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

CR15006R / Requirements for credentialing as a Certified Residential Real Property Appraiser approved as submitted. Authorize Director to issue credential upon completion of background check.

CG15017R / Approve as Certified General Real Property Appraiser.

CR15005 / Accept additional hours as submitted.

CG14041 / Hold

CG14037 / Approve as Certified General Real Property Appraiser.

CR14026 / Hold

CR14017 / Approve as Certified Residential Real Property Appraiser.

Board Member Langemeier seconded the motion. Motion carried with Gutwein, Langemeier, Saxton, Woodle, and Kubert voting aye.

Board Member Woodle moved to approve all renewal applications received at that Board's office postmarked between May 19, 2015 and June 12, 2015 with advisory letters. The motion was seconded by Langemeier, and carried with Saxton, Gutwein, Langemeier, Woodle, and Kubert voting aye.

D. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY

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

NE2015004 / Requirements for registration as an appraisal management company approved as submitted. Authorize Director to issue registration upon completion of background checks.

NE2015003 / Make second request for clarification of answer to question #9 on the application.

NE2015005 / Requirements for registration as an appraisal management company approved as submitted. Authorize Director to issue registration upon completion of background checks.

Board Member Langemeier seconded the motion. Motion carried with Woodle, Gutwein, Saxton, Langemeier, and Kubert voting aye.

E. CONSIDERATION OF DISCIPLINARY ACTIONS/ ENFORCEMENT MATTERS:

Board Member Woodle moved to take the following enforcement actions:

14-15 / Monitor Consent Agreement

14-16 / Hold

14-17 / Hold

14-18 / Hold

14-19 / Hold

14-20 / Hold

14-22 / Monitor Consent Agreement

14-23 / Monitor Consent Agreement

14-24 / Monitor Consent Agreement

14-26 / Monitor Consent Agreement

14-27 / Monitor Consent Agreement

15-02 / Dismiss without prejudice

15-03 / Ongoing

15-04 / Ongoing

15-05 / Ongoing

15-06 / Ongoing

15-07 / Ongoing

Board Member Saxton seconded the motion. Motion carried with Saxton, Langemeier, Woodle, Gutwein, and Kubert voting aye.

Board Member Langemeier moved to take the following enforcement actions:

14-32 / Ongoing

14-33 / Ongoing

14-35 / Ongoing

Board Member Saxton seconded the motion. Motion carried with Gutwein, Saxton, Langemeier, and Kubert voting aye. Woodle abstained.

F. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS:

Inquiries I15-8, I15-9, and I15-10 were discussed.

Personnel matters were discussed.

Board Member Langemeier moved to take the following actions for other executive session items:

- I14-32 / Hold**
- I14-33 / Hold**
- I15-2 / Ongoing**
- I15-3 / Ongoing**
- I15-4 / Ongoing**
- I15-8 / Close; send advisory letter.**
- I15-9 / Close; send advisory letter.**
- I15-10 / Close; send advisory letter.**

Board Member Saxton seconded the motion. Motion carried with Woodle, Gutwein, Langemeier, Saxton, and Kubert voting aye.

Vice Chair Woodle moved to authorize Chairman Kubert to discuss the Director's review with him, and increase the Director's compensation 3%, effective July 1, 2015. Seconded by Saxton. The motion carried with Gutwein, Woodle, Langemeier, Saxton, and Kubert voting aye.

R. ADJOURNMENT

Board Member Woodle moved to adjourn the meeting. Board Member Gutwein seconded the motion. Motion carried with Langemeier, Saxton, Gutwein, Woodle, and Kubert voting aye.

At 2:27 p.m. Chairman Kubert adjourned the June 18, 2015 meeting of the Real Property Appraiser Board.

Respectfully submitted,

Tyler N. Kohtz
Director

These minutes were available for public inspection on July 2, 2015, in compliance with Nebraska Revised Statute §84-1413 (5).