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Appraisal Subcommittee

Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee

FROM: Jim Park, Executive Director

DATE: October 25, 2017

RE: November 8, 2017 ASC Meeting Package

The enclosed materials are for the November 8th ASC Meeting.

OPEN SESSION

- Agenda for November 8th ASC Open Session Meeting
- Reports
 - Jim Park – Executive Director’s Report
- September 13th ASC Open Session Meeting Minutes

If you would like a Word version of the Minutes for editing, please let us know. Your edits can be submitted to Lori Schuster (Lori@asc.gov) by close of business, November 6th. A revised draft incorporating any edits received will be provided for the November 8th Meeting.
- Notice regarding the Proposed Information Collection Request entitled “Reporting Requirements for AMCs on the AMC Registry.” If approved by the ASC, the Notice will be posted in the *Federal Register* with a 60-day comment period.
- Bulletin on AMC Registry Fees

For approval, is a draft Bulletin to States regarding the Implementation of the AMC Registry Fees. The Final Rule will be effective on November 24, 2017.
- Bulletin on 12-month extension of Implementation Period for AMC Programs

For approval is a draft Bulletin to States that provides information regarding State applications for extension of the Implementation Period for registration and supervision of AMCs.
- Amended ASC Rules of Operation

ASC staff is recommending moving to a quarterly Meeting schedule. A draft of the Revised ASC Rules of Operation is attached as well as a draft *Federal Register* notice.

GRANT REIMBURSEMENTS

- July 2017 Appraisal Foundation grant reimbursement request that has been reviewed and approved by ASC staff

FYI - INFORMATIONAL ITEMS

- ASC FY17 ASC Employee Survey Results
- State Program Status Report through October 20, 2017
- Compliance Review Reports for: Montana, New Mexico, Ohio, Oklahoma, Tennessee, Wisconsin
- Follow-up Review Report for Pennsylvania
- Approved minutes of the May 10, 2017 ASC Open Session Meeting

BRIEFING SUMMARY NOTES

- Summary Notes from the September 13th ASC Briefing

Open Session Cover Page

November 8, 2017



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Appraisal Subcommittee
Federal Financial Institutions Examination Council

Agenda

Date: November 8, 2017
Time: 10:00 a.m.
Location: FRB, International Square
1850 K Street NW Rooms K-7035/39
Washington, DC 20006
Metro Stop: Farragut West - 18th Street Exit

Open Session

Reports

- **Chairman** **A. Lindo**
- **Executive Director** **J. Park**
- **Delegated State Compliance Reviews** **C. Brooks**
- **Financial Report** **G. Hull**

Action and Discussion Items

- **September 13, 2017 Open Session Minutes** **A. Lindo**
- **“Reporting Requirements” Proposed Information Collection: OMB clearance pursuant to Paperwork Reduction Act** **A. Ritter**
- **Bulletin on AMC Registry Fees** **A. Ritter**
- **Bulletin on 12-month extension of Implementation Period for AMC Programs** **A. Ritter**
- **ASC Rules of Operation – Meeting Schedule** **A. Ritter**

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee

FROM: Jim Park, Executive Director

DATE: November 8, 2017

RE: Executive Director's Update

Appraisal Subcommittee Meetings and Briefings

The next ASC Meeting will be held at 10:00 a.m. November 8, 2017, at the Federal Reserve Board facilities, International Square, 1850 K Street NW, 4th Floor, Washington, DC. There will be an Open session. There is no Briefing scheduled.

Appraisal Foundation Monitoring and Review

Appraiser Qualifications Board (AQB)

The AQB met September 7-8, 2017, in Minneapolis, MN. The main topic was the ongoing review and consideration of changes to the *Real Property Appraisers Qualification Criteria* (AQB Criteria). The AQB is considering several changes to the AQB Criteria including lowering the number of required experience hours and alternative tracks to Certified Residential license without a college degree. For the first time in several years the number of people taking the appraisal examination is up significantly and the average age of those test takers has decreased.

Appraisal Standards Board (ASB)

The ASB met October 12-13, 2017, in Washington, DC. The main topic of the meeting was a discussion of potential changes to *Uniform Standards of Professional Appraisal Practice* (USPAP) for the 2020-21 edition. The ASB also presented the new 2018-19 edition of USPAP that includes significant improvements in the functionality of the electronic version.

National Registry Upgrades

The July 17 National Registry upgrades are being well received by users. Three States are using SOAP and several more are in various stages of implementation. Roughly 1/3 of the States are now converted to the unique ID. We anticipate the majority of States will be converted before the end of the year.

Association of Appraiser Regulatory Officials (AARO)

AARO met October 13-16, 2017, in Washington, DC. The meeting was attended by over 180 attendees which is at or near an all-time high. I gave an ASC update and several other ASC staff participated in presentations on the AMC Registry, as well as tips on how to achieve an Excellent Compliance Review rating.

ASC Roundtable

On November 13, 2017, the ASC is hosting an industry roundtable titled, “The Evolving Real Estate Valuation Landscape.” There will be a morning and afternoon session which will each consist of a panel of industry experts followed by roundtable discussions by attendees. The morning session is titled “Harmonizing Real Estate Valuation Requirements Across the Federal Government.” The afternoon session is titled “The Evolution of Real Estate Valuation.”

The objective of the morning session is to explore different appraisal requirements that appraisers, lenders, and regulators cope with on a day-to-day basis, and opportunities to harmonize those requirements. This session is intended to identify those issues, and to explore opportunities to reduce burden and increase efficiencies while controlling risk. A recent National Association of Realtors (NAR) survey indicated that 75% of appraisers surveyed were considering leaving the field due to excessive regulation. Overregulation of appraisers and appraisals has been a frequent complaint over the past few years. The objective of the afternoon session is to identify the various valuation tools that are becoming more common in the market place. More specifically, the intent is to explore the use of these tools and the implications for appraisers, lenders, regulators and consumers.

The overall goal of the roundtable is to begin identifying opportunities to lessen valuation related burdens in general and keep federal financial institution regulators informed on the latest trends in valuation practice and technology.

Puerto Rico

At the request of Puerto Rico's appraiser program, the following was posted to the ASC website:

As a result of Hurricane Maria, Puerto Rico is in a state of emergency and a federally-declared disaster. The Puerto Rico Real Estate Appraisal Examining Board, pursuant to AQB Criteria, is allowing expiring credentials to remain in active status on the National Registry of Appraisers for a period up to 90 days, pending completion of all continuing education requirements.

The AQB is drafting a letter authorizing the ASC to extend the 90-day period currently allowed in the AQB Criteria at its discretion. Once we receive the letter, staff will draft a policy for the ASC's review and approval.

Other Meetings and Presentations

None

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
SEPTEMBER 13, 2017**

LOCATION: Federal Reserve Board – International Square location
1850 K Street NW, Washington, DC 20006

ATTENDEES

ASC MEMBERS: FRB – Art Lindo (Chair)
CFPB – Veronica Spicer
FDIC – Marianne Hatheway
HUD – Cheryl Walker
NCUA – Tim Segerson
OCC – Richard Taft

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Financial Manager – Girard Hull
Attorney-Advisor – Ada Bohorfoush
Policy Manager – Kristi Klamet
Policy Manager – Vicki Metcalf
Policy Manager – Jenny Tidwell
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly

OBSERVERS: American Society of Appraisers – John Russell
Appraisal Institute – Bill Garber
Appraisal Institute – Brian Rodgers
CFPB – Deana Krumhansl
CFPB – Philip Neary
FDIC – Michael Briggs
FDIC – Suzy Gardner
FDIC – Ben Gibbs
FDIC – Mark Mellon
FDIC – Kim Stock
FDIC – Tony Womack
FHFA – Ming-Yuen Meyer-Fong
FRB – Gillian Burgess
FRB – Carmen Holly
FRB – Matt Suntag
JPMorgan Chase Bank-Sirisha Kalicheti
OCC – Kevin Lawton

OCC – Chris Manthey
OCC – Joanne Phillips
Pro Teck Valuation Services – Jeff Dickstein
REVAA – Mark Schiffman
REVAA – Tom Tilton

PRESENTERS: David Bunton – Appraisal Foundation
Edna Nkemngu – Appraisal Foundation

The Meeting was called to order at 10:05 a.m. by A. Lindo.

REPORTS

- **Chairman**

A. Lindo welcomed observers to the Meeting. He noted that, due to the natural disasters in the past few weeks, there is a considerable amount of interest in the role that appraisals will have on reconstruction in areas with considerable damage.

- **Executive Director**

J. Park introduced Cheryl Walker as the new HUD representative. He reported that the Unique Identification Number (UID) was launched on July 17th. Eight States have converted to UIDs with an additional 10-15 States expected to convert in the coming weeks. Upgrades to the National Registry have also been rolled out that have improved search times and presentation of results. There were some minor issues but they have been resolved.

- **Delegated State Compliance Reviews**

A. Bohorfoush reported on State Compliance Reviews completed pursuant to delegated authority since the ASC's May 10th Meeting. Seven State Compliance Reviews were finalized and approved by the Executive Director under delegated authority. Idaho, Iowa, Mississippi and New Hampshire were each awarded a Finding of "Excellent" and all will remain on a two-year Review Cycle. The District of Columbia, Maine and Nebraska were each awarded a Finding of "Good" and all will remain on a two-year Review Cycle.

- **Financial Manager**

G. Hull reported on the Appraisal Foundation's March – June 2017 grant reimbursements. These requests covered the work of the Foundation's Boards as well as Investigator Training. The total grant budget for FY17 is \$659,085 and \$276,000 remains available. J. Park noted that the Investigator Training course scheduled in Tampa, FL for September 11-13 was cancelled due to Hurricane Irma and will be rescheduled. It was obligated in the FY17 grant and will be accrued so it will not impact the FY18 ASC budget.

ACTION ITEMS

- **May 10, 2017 Open Session Minutes**

R. Taft made a motion to approve the May 10th open session meeting minutes as presented.

V. Spicer seconded and all members present voted to approve.

- **Appraisal Foundation FY18 Grant Proposal**

D. Bunton and E. Nkemngu presented the FY18 Appraisal Foundation (Foundation) grant proposal in the amount of \$1,124,410. The Appraiser Qualifications Board (AQB) has been working on revisions to the Criteria. The AQB is considering possible alternatives to the current experience requirements for each of the three classifications. In addition, the AQB is pursuing a track whereby experienced State Licensed appraisers in good standing may seek the Certified Residential credential without possessing a bachelor's degree. The AQB will issue an exposure draft regarding these changes and could potentially adopt the Criteria at its February 2018 Meeting. The AQB is also updating the questions for the National Uniform Appraiser Licensing and Certification Examination. D. Bunton noted that for the period covering January 1, 2016 through July 1, 2017, the number of first time test takers was 22% higher than the previous period. A. Lindo asked if the increase was geographical. D. Bunton responded that there was an increase of test takers in the south central United States. M. Hatheway asked if the Foundation tracks the age demographics of test takers. D. Bunton responded yes and he will forward it to the ASC. He said that there was an increase in test takers under the age of 40.

The Appraisal Standards Board (ASB) expects that the 2018/19 edition of USPAP will be available on October 1st. The ASB will conduct a comprehensive survey of stakeholders to determine what areas of USPAP need further clarification and what emerging issues currently not addressed by USPAP should be included in the next edition. The Foundation envisions USPAP going to 4-year cycle depending on the results of the survey.

The State Investigator Training Program (ITP) collaborative effort between the ASC, Foundation and AARO continues to be well received by attendees. Funding is requested for one session each of the Level One, Two and Three courses in FY18. D. Bunton and A. Lindo asked if the ASC Policy Managers have noticed an improvement in States' enforcement programs. D. Graves responded that staff has compiled a chart that shows there has been improvement in State enforcement and she will send it to the ASC. D. Bunton said that the ITP courses will be updated to include the 2018/19 edition of USPAP. R. Taft asked if the course attendee size is reasonable. D. Bunton responded that they try to keep course size at 50 students or less.

D. Bunton said that the FY17 grant accounted for 16% of Foundation revenue and makes up 52% of the AQB and ASB budgets. He did forward a copy of the 2017 Foundation budget to the ASC that shows how much the grant makes up for the budgets of the AQB and ASB.

- **ASC FY18 Budget Proposal**

J. Park discussed the ASC's FY18 proposed budget. While the number of appraisers on the National Registry has been decreasing approximately 2% annually since 2010, it appears this decline may be leveling off. Operating expenses are estimated to be approximately \$2.9 million with revenue estimated at \$3.5 million. Staff is recommending funding \$660,000 for the Foundation and State FY18 grant. Of this amount \$350,000 would go towards the State grant (ITP) and \$300,000 would be for the Foundation's grant-eligible activities. If the budget is approved as presented, the ASC would have a budget deficit of approximately \$153,000 for FY18. The ASC has approximately \$4.5 million in reserves. Operating expenses and the Foundation grants are included in the reserves.

J. Park discussed the operating expenses. He noted that the ASC currently has 12 employees and is authorized up to 15 full-time equivalents. The position for the Regulatory Affairs Specialist is proposed for hire in the fourth quarter of FY18. Staff is requesting fewer trips in FY18 due to fewer Foundation Meetings and State Priority Contact visits. The ASC's lease at its current location expires in October 2018. While the potential move would not take place until FY19, \$20,000 is budgeted for any advance expenses, such as construction that may be needed in FY18 once a location is selected. The ASC has upgraded the National Registry, computer hardware and infrastructure in

FY17, which will decrease some computer-related costs in FY18. R. Taft asked if the amount used for hotel rates in travel is based on actuals. G. Hull responded “yes” because costs had decreased in FY17. D. Graves added that Compliance Reviews that occur in smaller cities generally have lower hotel rates. M. Hatheway said she was supportive of the ASC’s FY18 proposed budget as presented. C. Walker moved for approval of the FY18 budget and Foundation grant as recommended by staff. This includes \$2.973 million for operating expenses, \$350,000 for the Foundation grant and \$310,000 for the State grant (ITP). M. Hatheway seconded and all members present voted to approve.

- **Final Rulemaking – AMC National Registry Fee Implementation**

A. Ritter presented the Final Rule for the AMC National Registry Fee Implementation. The Final Rule is substantially similar to the Proposed Rule. The ASC received 104 comments on the Proposed Rule. A majority of comments were from appraisers concerned that AMCs would pass the registry fee on to the appraisers. She said that the ASC does not have authority to regulate this concern. Some commenters raised issues concerning federally-regulated AMCs being required to report to States that do not or cannot regulate them. The ASC will continue to monitor this issue with the Agencies. The Final Rule approval was delayed due to the Regulatory Freeze put into effect on January 20, 2017. In June, the Office of Management and Budget (OMB) determined that the ASC could move forward on the Final Rule. After a brief discussion, V. Spicer moved for approval to allow ASC staff to make minor non-substantive edits and to publish the Final Rule in the *Federal*

Register with an effective date of 60 days from the date of publication. T. Segerson seconded and all members present voted to approve.

- **Revised ASC Policy Statements for approval to repost in *Federal Register* for public comment**

A. Ritter presented the Revised Policy Statements. The Policy Statements had been published in the *Federal Register* in January 2017 with a 90-day comment period. The comment period was suspended due to the Regulatory Freeze that was effective on January 20, 2017. The OMB has given the ASC approval to repost the Policy Statements for comment. A. Ritter suggested the Policy Statements have a 60-day comment period once they are published. R. Taft questioned the 60-day comment period instead of the 90 days allowed in the earlier submission. A. Ritter responded that the earlier version was finalized during the holiday season so extra time was added to the comment period. A. Lindo questioned the possible burden that the Policy Statements could have on States. A. Ritter responded that the Policy Statements provide guidance to implement requirements of Title XI and States can choose not to have a program. J. Park said that the argument could be made that the Policy Statements lessen the burden. A. Ritter noted that every requirement in the Policy Statements was tied to Title XI. R. Taft moved to approve the Policy Statements for publication with a 60-day comment period in *Federal Register*. M. Hatheway seconded and all members present voted to approve.

- **Agency Reform Plan for submission to the Office of Management and Budget**

J. Park presented the Agency Reform Plan that is due to OMB on September 30th. There has been no response from OMB to the ASC's draft reform plan. The ASC is also drafting a Strategic Plan for the period of 2019-2024 as the current Plan goes through 2018. V. Spicer noted that the applicability of this exercise to independent executive agencies is not clear. A. Ritter responded that OMB said that this exercise did apply to self-funded agencies. V. Spicer cautioned against cost efficiency over effectiveness. After further discussion, there was consensus among the members that the Plan be sent to the OMB.

The Open Session adjourned at 11:20 a.m. The next ASC Meeting will be November 8, 2017.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

Agency Information Collection Activities: Proposed Information Collection; Comment Request

AGENCY: Appraisal Subcommittee of the Federal Financial Institutions Examination Council (ASC)

ACTION: Notice and Request for Comment

SUMMARY: The ASC, as part of continuing efforts to reduce paperwork and respondent burden, invites the general public, and State and Federal agencies to take this opportunity to comment on a new proposed information collection. Under the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid control number issued by the Office of Management and Budget. The ASC is soliciting comment concerning a proposed collection method entitled “Reporting requirements for AMCs on the AMC Registry.”

DATES: Comments must be received by [INSERT 60 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Commenters are encouraged to submit comments by the Federal eRulemaking Portal or email, if possible. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal:* <https://www.Regulations.gov>. Follow the instructions for submitting comments. Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov, including instructions for submitting public comments.
- *E-Mail:* webmaster@asc.gov.
- *Fax:* (202) 289-4101.

- *Mail:* Address to Appraisal Subcommittee, Attn: Lori Schuster, Management and Program Analyst, 1401 H Street NW, Suite 760, Washington, DC 20005.
- *Hand Delivery/Courier:* 1401 H Street NW, Suite 760, Washington, DC 20005.

Additionally, you should send a copy of your comments to the ASC Desk Officer, 3139-NEW, by mail to U.S. Office of Management and Budget, 725 17th Street NW., Room 10235, Washington, DC 20503, or by fax to (202) 395-6974.

In general, the ASC will enter all comments received on the Federal eRulemaking (Regulations.gov) website without change, including any business or personal information that you provide, such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure. At the close of the comment period, all public comments will also be made available on the ASC's website at <https://www.asc.gov> (follow link in "What's New") as submitted, unless modified for technical reasons.

You may review comments by any of the following methods:

- *Viewing Comments Electronically:* Go to <https://www.Regulations.gov>. Click on the "Help" tab on the Regulations.gov home page to get information on using Regulations.gov, including instructions for viewing public comments, viewing other supporting and related materials, and viewing the docket after the close of the comment period.

- Viewing Comments Personally: You may personally inspect comments at the ASC office, 1401 H Street NW, Suite 760, Washington, DC 20005. To make an appointment, please call Lori Schuster at (202) 595-7578.

FOR FURTHER INFORMATION CONTACT:

James R. Park, Executive Director, at (202) 595-7575, or Alice M. Ritter, General Counsel, at (202) 595-7577, Appraisal Subcommittee, 1401 H Street NW, Suite 760, Washington, DC 20005.

SUPPLEMENTARY INFORMATION:

I. Background

Section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act)¹ included amendments to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989² (Title XI). Section 1103 of Title XI,³ *Functions of Appraisal Subcommittee*, was amended by the Dodd-Frank Act to require the ASC to maintain the National Registry of AMCs (AMC Registry) of those AMCs that are either: (1) registered with and subject to supervision by a State that has elected to register and supervise AMCs; or (2) are operating subsidiaries of a Federally regulated financial institution (Federally regulated AMCs). Section 1117 of Title XI,⁴ *Establishment of State appraiser certifying and licensing agencies*, was amended by the Dodd-Frank Act to include additional duties for States, if they so choose, to: (1) register and supervise AMCs; and (2) add information about AMCs in their State to the AMC Registry.

¹ Pub. L. 111-203, 124 Stat. 1376.

² Pub. L. 101-73, 103 Stat. 183.

³ 12 U.S.C. 3332.

⁴ 12 U.S.C. 3346.

Title: Reporting requirements for AMCs on the AMC Registry.

OMB Number: New Collection.

Description: The Dodd-Frank Act requires the ASC to maintain the AMC Registry of those AMCs that are either: (1) registered with and subject to supervision by a State that has elected to register and supervise AMCs; or (2) are operating subsidiaries of a Federally regulated financial institution (Federally regulated AMCs). Federally regulated AMCs are required to report to the State or States in which it operates the reporting requirements established by the ASC. States that elect to register and supervise AMCs are required to transmit reports on a timely basis of the supervisory activities involving AMCs. In order for a State that elects to register and supervise AMCs to enter an AMC on the AMC Registry, the following items are proposed to be required entries (reporting requirements⁵) by the State via extranet application on the AMC Registry:

State Abbreviation

State Registration Number for AMC

Employer Identification Number (EIN)

AMC Name

Street Address

City

State

Zip

County Name

License or Registration Status

⁵ Section 1124 (e) of Title XI, *Reporting*, was implemented as part of the interagency AMC Rule. (See (12 CFR 34.34.216; 12 CFR 225.196; 12 CFR 323.14; 12 CFR 1222.26).

Effective Date

Expiration Date

AMC Type (State or multi-State)

Disciplinary Action

Effective Date

Expiration Date

Number of Appraisers (for invoicing registry fee)

Type of Review: Regular.

Affected Public: States; businesses or other for-profit organizations.

Estimated Number of Respondents: 500 AMCs, 50 States annually.

Estimated burden per Response: 30 minutes.

Frequency of Response: On occasion.

Estimated total Annual Burden: 500 hours.

Comments submitted in response to this notice will be summarized, included in the request for OMB approval, and become a matter of public record. Comments are invited on:

- (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility;
- (b) The accuracy of the agency's estimate of the burden of the collection of information;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and
- (e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

By the Appraisal Subcommittee,

Arthur Lindo
Chairman

Date

Billing Code 6700-01-P

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Bulletin No. 2017-01
Issue Date: [DATE,] 2017

To: State Appraiser Regulatory Officials

Subject: National Registry of Appraisal Management Companies (AMCs)

Purpose

The final rule to implement collection and transmission of annual AMC registry fees (Final Rule) was published by the Appraisal Subcommittee (ASC) in the September 25, 2017 issue of the *Federal Register*. The Final Rule's effective date is November 24, 2017.

In the preamble of the Final Rule, the ASC stated it would issue this Bulletin to provide States information regarding:

- When the National Registry of AMCs (AMC Registry)¹ will be open
- Effective date for compliance
- Reporting requirements for States to enter AMCs on the AMC Registry

Open Date for AMC Registry

The ASC will open the AMC Registry to States no later than June 4, 2018. At that time, States that elect to register and supervise AMCs (participating States) will be able to enter AMCs on the AMC Registry if they have collected AMC registry fees in accordance with the Final Rule.

Date for Compliance

The effective date for compliance by participating States will be June 4, 2020. The ASC recognizes that participating States may need to amend their rules and/or regulations, or revise their operating procedures, to implement AMC registry fees. After June 4, 2020, any participating State's Compliance Review will include review of requirements for entering AMCs

¹ Section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) included amendments to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI). Section 1103 of Title XI, *Functions of Appraisal Subcommittee*, was amended by the Dodd-Frank Act to require the ASC to maintain the AMC Registry of those AMCs that are either: (1) registered with and subject to supervision by a State that has elected to register and supervise AMCs; or (2) are operating subsidiaries of a Federally regulated financial institution (Federally regulated AMCs). Section 1117 of Title XI, Establishment of State appraiser certifying and licensing agencies, was amended by the Dodd-Frank Act to include additional duties for States, if they so choose, to: (1) register and supervise AMCs; and (2) add information about AMCs in their State to the AMC Registry.

on the AMC Registry. Up and until June 4, 2020, a State may have a compliant AMC Program regardless of whether it is ready to enter AMCs on the AMC Registry.²

Reporting Requirements

For a participating State to enter an AMC on the AMC Registry, the following items are proposed³ to be required entries (reporting requirements⁴) by the State on the AMC Registry:

State Abbreviation
 State Registration Number for AMC
 Employer Identification Number (EIN)
 AMC Name
 Street Address
 City
 State
 Zip
 County Name
 License or Registration Status
 Effective Date
 Expiration Date
 AMC Type (State or multi-State)
 Disciplinary Action
 Effective Date
 Expiration Date
 Number of Appraisers (for invoicing registry fee)

For further information, contact James R. Park, Executive Director, at (202) 595-7575 or Jim@ASC.gov, or Alice M. Ritter, General Counsel, at (202) 595-7577 or Alice@ASC.gov.

Sincerely,

Arthur Lindo
 ASC Chairman

² While the ASC encourages participating States to begin collecting fees from registered AMCs as soon as possible in accordance with the requirements of Section 1109 of Title XI so that those AMCs may be entered on the AMC Registry, the restriction on performance of services by the State's AMCs for federally related transactions will not impact an AMC so long as the AMC is registered with a participating State or is subject to oversight by a Federal financial institutions regulatory agency.

³ These required entries are subject to approval by the Office of Management and Budget, and will be published in the *Federal Register* in accordance with the Paperwork Reduction Act of 1995.

⁴ Section 1124 (e) of Title XI, *Reporting*, was implemented as part of the interagency AMC Rule. (See 12 CFR 34.34.216; 12 CFR 225.196; 12 CFR 323.14; 12 CFR 1222.26).

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Bulletin No. 2017-02
Issue Date: [DATE,] 2017

To: State Appraiser Regulatory Officials

Subject: Extension of Implementation Period for State Registration and Supervision of Appraisal Management Companies (AMCs)

Purpose

The Appraisal Subcommittee (ASC) is issuing this Bulletin to provide information regarding State applications for extension of the Implementation Period for registration and supervision of AMCs.

Background

Section 1473 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act)¹ included amendments to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989² (Title XI). Section 1117³ of Title XI, *Establishment of State appraiser certifying and licensing agencies*, was amended by the Dodd-Frank Act to include additional duties for States, if they so choose, to register and supervise AMCs. States electing to register and supervise AMCs must implement minimum requirements in accordance with the AMC Rule.⁴

Implementation Period

Title XI as amended by the Dodd-Frank Act imposes a statutory restriction on performance of

¹ Pub. L. 111-203, 124 Stat. 1376.

² Pub. L. 101-73, 103 Stat. 183.

³ 12 U.S.C. 3346.

⁴ The Dodd-Frank Act added section 1124 to Title XI, *Appraisal Management Company Minimum Requirements*, which required the Office of the Comptroller of the Currency (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); National Credit Union Administration (NCUA); Bureau of Consumer Financial Protection (Bureau); and Federal Housing Finance Agency (FHFA) to establish, by rule, minimum requirements for the registration and supervision of AMCs by States that elect to register and supervise AMCs pursuant to Title XI and the rules promulgated thereunder. The Agencies issued a final rule (AMC Rule) with an effective date of August 10, 2015. (80 FR 32658, June 9, 2015).

services by AMCs for a federally related transaction (FRT)⁵ that applies after a 36-month period that began when the AMC Rule became effective (Implementation Period).⁶ The ASC, with the approval of the Federal Financial Institutions Examination Council (FFIEC), may extend this period for an additional 12 months if the ASC makes a finding that the State has made substantial progress in establishing a State AMC registration and supervision system (AMC Program) that meets the standards of Title XI.⁷

Application for Extension of the Implementation Period

A State may make a request in writing to the ASC for a 12-month extension of the Implementation Period. A request must include evidence of substantial progress⁸ made by the State towards establishing an AMC Program that appears to conform with Title XI.

Any request for an extension of the Implementation Period must be received by the ASC **no later than June 1, 2018**.

If the request for an extension is granted, the statutory restriction on performance of services by AMCs for FRTs will be lifted until August 10, 2019, for AMCs operating in the subject State.

For further information, contact James R. Park, Executive Director, at (202) 595-7575 or Jim@ASC.gov, or Alice M. Ritter, General Counsel, at (202) 595-7577 or Alice@ASC.gov.

Sincerely,

Arthur Lindo
ASC Chairman

⁵ A federally related transaction includes any real estate-related financial transaction which: (a) a Federal financial institutions regulatory agency engages in, contracts for, or regulates; and (b) requires the services of an appraiser. *See* Title XI sec. 1121 (4), 12 U.S.C. 3350), implemented by the OCC: 12 CFR 34.42(f) and 34.43(a); Board: 12 CFR 225.62(f) and 225.63(a); FDIC: 12 CFR 323.2(f) and 323.3(a); and NCUA: 12 CFR 722.2(f) and 722.3(a). Based on 2014 Home Mortgage Disclosure Act (HMDA) data, at least 90 percent of residential mortgage loan originations are not subject to the Title XI appraisal regulations. (FFIEC report to Congress, *Economic Growth and Regulatory Paperwork Reduction Act*, 82 FR 15900 (March 30, 2017).

⁶ *See* 12 U.S.C. 3353(f)(1). In summary, beginning 36 months from the effective date of the AMC Rule, an AMC, as defined by Title XI, may not provide services for FRTs in a State unless the AMC is registered with the State pursuant to a registration and supervision program established under Section 1117, or is subject to oversight by a Federal financial institutions regulatory agency.

⁷ 12 U.S.C. 3353(f)(2).

⁸ Examples of “substantial progress” may include draft legislation, rulemaking or policy to establish an AMC Program that has not yet been finalized.

ASC Rules of Operation (adopted by the ASC *insert date*)

Article I

Nature and Purpose

Section 1.01. Appraisal Subcommittee Established.

The Appraisal Subcommittee (ASC) is established by Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Section 1.02. Definitions.

(1) *Appraisal Subcommittee; ASC.* The terms “Appraisal Subcommittee” and “ASC” mean the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

(2) *Title XI.* The term “Title XI” means Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Pub. L 101-73, 103 Stat. 511 (1989) 12 U.S.C. 3310, 3331-3351).

(3) *Federal financial institutions regulatory agencies.* The term “Federal financial institutions regulatory agencies” means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration.

(4) *ASC members.* The term “ASC members” means those persons designated as representatives to the Appraisal Subcommittee pursuant to:

- a) section 1011¹ of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3310), as added by section 1102 of Title XI and amended by section 1473(s) of the Dodd-Frank Act; and
- b) the Department of Housing and Urban Development pursuant to 12 U.S.C. 1708(e)(2).

(5) *Member agency.* The term “member agency” means those agencies authorized to appoint designees to the Appraisal Subcommittee described in:

- a) section 1011 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3310), as added by section 1102 of Title XI and amended by section 1473(s) of the Dodd-Frank Act; and
- b) the Department of Housing and Urban Development pursuant to 12 U.S.C. 1708(e)(2).

(6) *Council.* The term “Council” means the Federal Financial Institutions Examination Council.

¹ Section 1011 of the Federal Financial Institutions Examination Council Act was amended by the Dodd-Frank Act to include designees of the heads of the Bureau of Consumer Financial Protection and the Federal Housing Finance Agency.

(7) *Chairperson*. The term “Chairperson” means the Chairperson of the Appraisal Subcommittee selected by the Council.

(8) *Vice Chairperson*. The term “Vice Chairperson” means the Vice Chairperson of the Appraisal Subcommittee in accordance with section 3.04.a below.

(9) *Secretary*. The term “Secretary” means the Executive Director of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, or his/her designee. The Secretary may delegate the ministerial duties of Secretary to staff.

(10) *Staff*. The term “staff” means the office personnel of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

(11) *Meeting*. The term “meeting” means the deliberations (including those conducted by conference telephone call, or by any other method) of at least four ASC members where such deliberations determine or result in the joint conduct or disposition of agency business. Meetings may be held in open session or closed session as authorized by law. (See sections 3.06 thru 3.09 below.)

(12) *Open Session*. The term “open session” means a properly noticed meeting, pursuant to section 3.07 below, of the ASC that is open to public observation. Members of the public are welcome to attend and observe, but are required to notify staff in advance in accordance with established policy.

(13) *Closed Session*. The term “closed session” means a properly noticed meeting, pursuant to section 3.07 below, of the ASC that is closed to attendance by ASC members only, and any other persons requested to be in attendance by the ASC members. The ASC may meet in closed session to discuss personnel, and/or to discuss Compliance Reviews prior to taking action on final Compliance Review Reports. The subject matter discussed in any closed session shall be described in the Federal Register notice of the meeting.

(14) *Briefing*. The term “briefing” typically means informal background discussions among ASC members and staff which clarify issues and expose varying views. A briefing is not a meeting, and as such, is not subject to notice or open session meeting provisions. Briefings may be called by the Chairperson, ASC members or staff. Briefings may be held by any means preferable to those attending. Summary notes shall be taken concerning matters discussed. Briefings may also include sessions with individuals from outside the agency where ASC members listen to a presentation and may elicit additional information.

(15) *Notation Vote*. The term “notation vote” means transaction of business, in accordance with section 3.13 below, by circulation of written items, when it has been determined that the business to be conducted is routine or noncontroversial.

- (16) *Federally related transaction.* The term “federally related transaction” means any real estate-related financial transaction which—
- (A) a Federal financial institutions regulatory agency engages in, contracts for, or regulates; and
 - (B) requires the services of an appraiser.

Section 1.03. ASC Functions.

The functions of the ASC are set forth in section 1103 of Title XI (12 U.S.C. 3332).

Section 1.04. Authority.

Except as otherwise provided in Title XI, all authority for carrying out the functions of the ASC shall reside in the ASC; however, from time to time, the ASC may delegate any of its authority as it deems appropriate to ASC members, officers, or employees as compiled in the ASC Delegations of Authority, or in other documents, including, but not limited to, ASC regulations, Policy Statements, manuals, position descriptions, orders and certain instructions, or as otherwise authorized by law. As provided in section 1105 of Title XI (12 U.S.C. 3334), the Chairperson of the ASC shall have authority to appoint such officers and staff as may be necessary to carry out the functions of the ASC.

Article II

Assessments

Section 2.01. Assessments.

In accordance with section 1109 of Title XI (12 U.S.C. 3338), the ASC shall have the authority to receive an annual fee from each State licensed or certified appraiser eligible to do appraisals in federally related transactions of not more than \$40. The fee may be modified up to a maximum of \$80 per annum in accordance with section 1109 (a)(4)(A) of Title XI. At such time that section 1124 (a) and (e) of Title XI are implemented, thereby requiring payment of the annual registry fee by appraisal management companies, the ASC shall have the authority to receive an annual fee from each appraisal management company in accordance with section 1109 (a)(4)(B) of Title XI.

Article III

Organization and Operation of the ASC

Section 3.01. ASC Members.

The members of the ASC shall be those persons described in section 1102 of Title XI (12 U.S.C. 3310), and, pursuant to 12 U.S.C. 1708(e)(2), the Secretary (or designee) of the Department of Housing and Urban Development. (See section 1.02 (4)).

Section 3.02. General Powers.

The affairs, business and property of the ASC shall be managed by the Chairperson of the ASC pursuant to the ASC's direction and the ASC's powers shall include those set forth in section 1106 of Title XI (12 U.S.C. 3335). The Subcommittee does not have the authority to lease office space in its own name and must rely on U.S. General Services

Administration (GSA) for the procurement of office space by entering into an occupancy agreement with the GSA for space leased by GSA.

Section 3.03. *Compensation and Expenses of ASC Members.*

Each ASC member shall serve on the ASC without compensation other than that received from their respective employing Federal agency; but each ASC member shall be entitled to an advance or reimbursement for reasonable expenses in carrying out their official duties as an ASC member. Such advance or reimbursement shall be made only upon written request accompanied by adequate documentation of such expenses.

Section 3.04. *Chairperson of the ASC.*

In accordance with section 1104(a) of Title XI (12 U.S.C. 3333(a)), the Council shall elect a Chairperson of the ASC. The term of office of the Chairperson shall be for a two-year term. The Chairperson's term shall expire on March 31 every other year. The Chairperson shall carry out all duties required by Title XI and these Rules, and shall perform such other duties as from time to time may be assigned by the ASC.

Section 3.04.a *Vice Chairperson of the ASC.*

ASC members shall elect a Vice Chairperson of the ASC. The term of office of the Vice Chairperson shall be for a two-year term to run concurrently with the two-year term of the Chairperson. The Vice Chairperson shall assist the Chairperson as needed, and shall act on behalf of the ASC in the absence or incapacity of the Chairperson.

Section 3.05. *ASC member Vacating Position in Respective Agency.*

A person shall remain an ASC member of the ASC until that person resigns or is no longer employed by the designating agency, or until the agency head designates a replacement. If the vacating ASC member is Chairperson of the ASC, a succeeding Chairperson shall be selected by the Council under section 1104(a) of Title XI (12 U.S.C. 3333(a)).

Section 3.06. *Organization of ASC Meetings.*

(a) The Chairperson of the ASC shall preside at ASC meetings. In his or her absence, the Vice Chairperson shall preside at such ASC meeting.

(b) The ASC shall hold its meetings in public session, but may close certain portions of its meetings related to personnel, or to discuss Compliance Reviews prior to taking action on final Compliance Review Reports. The subject matter discussed in any closed or executive session shall be described in the Federal Register notice of the meeting.

(c) The Secretary shall draft and transmit the minutes of the meeting to each ASC member. The Secretary shall be responsible for recording the minutes, including the full text of each resolution voted on by the ASC and the substance of each action voted on by the ASC as well as the vote. The Secretary will be responsible for certifying or attesting to true copies of the minutes, or other documents, stating that actions were in fact taken by the ASC. The Secretary will also be responsible for maintaining and preserving at a single place, available for inspection at reasonable times by any ASC member or any person designated by any ASC member, the complete minutes of the

proceedings of the ASC.

(d) Regular meetings of the ASC shall be held in Washington, DC, at a location designated by the Chairperson, or in such other place as the ASC may designate. Special meetings shall be held in such place and at such location as designated by the calling party or parties. Regular and special meetings shall be noticed as set forth in section 3.07(a) and (b) below.

(e) Regular meetings of the ASC shall be held at least quarterly, unless not practicable, at the call of the Chairperson. Special meetings shall be held as provided in section 3.07(b) below.

Section 3.07. *Notice of Meetings.*

(a) The Secretary shall send a notice of each regular meeting, whether open session or closed session, to the Federal Register for publication at least seven (7) days prior to the date the regular meeting is to be held, and to each ASC member by facsimile or email at least seven (7) days prior to the date of the regular meeting. Every regular meeting notice shall specify date, time, place and subject matter of the meeting.

(b) The Chairperson or any four (4) or more ASC members may call a special meeting, in which case, notice posting date, time, place and subject matter of the special meeting shall be published in the Federal Register and distributed to each ASC member as soon as practicable.

(c) A waiver of any meeting notice signed by an ASC member shall be the equivalent of timely receipt by that ASC member of notice. An ASC member's attendance at any meeting shall constitute waiver of notice of that meeting unless the ASC member attends solely for the purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.08. *Quorum, Manner of Acting and Adjournment.*

(a) At any regular or special meeting, the presence of a majority of the ASC members shall constitute a quorum for the transaction of business. For the purpose of the preceding sentence, an alternate will count only if he/she has been so designated in writing by the head of the respective member agency. The acts voted by a majority of ASC members present at such meeting shall be the acts of the ASC. An ASC member who is present at a meeting but who abstains from voting on any matter shall be counted for purposes of determining whether a quorum is present, whether that ASC member withdraws from or remains in the meeting during such vote. A majority of the ASC members present at any meeting, whether or not there is a quorum present, may adjourn the meeting. In transacting the business of the ASC, each ASC member shall be entitled to only one vote.

(b) No item shall be voted upon by the ASC except (1) where notice that the item will be on the agenda of a regular meeting has been given pursuant to section 3.07 above, (2) where written notice that the item will be on the agenda of any meeting is delivered to each ASC member at least two (2) full business days prior to the date of such meeting, or (3) upon the unanimous consent of all ASC members.

Section 3.09. *Agenda of ASC Meetings.*

(a) The agenda for meetings shall be determined by the Chairperson in consultation

with the Secretary, or where appropriate by the four (4) or more ASC members calling the meeting; provided that the Chairperson shall include any item on the agenda when he/she receives a request in writing from any single ASC member at least three (3) full business days prior to the date of the meeting.

(b) Any ASC member may request during any regular or special meeting that an item be placed on the agenda of that meeting. The item shall be placed on the agenda for discussion but only if a majority of those present approve the request.

Section 3.10. *Certain Interest of the ASC members.*

No person serving as an officer or employee of the ASC shall be deemed to have an interest adverse to the interest of the ASC solely because that person is employed by a Federal agency and assigned to the ASC. No ASC member shall be required to abstain from voting on any matter solely because the Federal agency employing that member is or will be affected. No act of the ASC shall be subject to challenge, or in any way be affected by participation of said ASC member in such vote.

Section 3.11. *Proxies.*

A member agency may designate an alternate from his or her agency to carry out the ASC member's duties. Such alternate may act in all matters as an ASC member, except that he/she may not act as the presiding officer of an ASC meeting.

Section 3.12. *Use of Conference Call Communications Equipment.*

Any or all ASC members may participate in a meeting through the use of conference call telephone or similar communications equipment, by means of which all persons participating in the meeting can simultaneously speak and hear each other. Any ASC member so participating in the meeting shall be deemed to be present for all purposes. Actions taken by the ASC at meetings where one or more ASC members participate through the use of such equipment, including the votes of each ASC member, shall be recorded in the minutes of the meeting.

Section 3.13. *Notation Vote: Transaction of Business by Circulation of Written Items.*

Any other provision of these Rules to the contrary notwithstanding, business may be conducted by the ASC by the circulation of written items to all ASC members. The Secretary, in consultation with the Chairperson: (1) shall determine whether items qualify for this expedited voting method because they are routine or noncontroversial; and (2) shall specify a deadline for the receipt of ASC members' responses. Qualifying items may be transmitted in paper or electronic format. The Secretary shall confirm each ASC member's actual receipt of items, and the response period shall be measured from the day of actual receipt. ASC members may vote in one of three ways: approve, disapprove or veto. The matter shall be approved or disapproved by a majority vote of the ASC members participating in the voting process, so long as the voting ASC members comprise a quorum, as generally defined in Section 3.08(a). A vote to veto will cause the matter to be placed on the agenda of the next scheduled ASC meeting, as governed by Section 3.09. The disposition of each written item circulated for vote, including the vote of each ASC member, shall be recorded in the minutes of the next meeting of the ASC following the date the notation vote closed.

*Article IV
Officers and Employees*

Section 4.01. Permanent Officers and Employees.

(a) Except as otherwise specifically directed by the ASC, its Chairperson shall have power to appoint and terminate such officers and employees as from time to time are deemed necessary to carry out the ASC's mission. Position descriptions will be written for all permanent personnel employed by the ASC. Procedures relative to the appointment, termination, and compensation practices of the ASC shall be consistent with the appointment and compensation practices of the Council, or in accord with the policies set forth in Title 5, United States Code and applicable Office of Personnel Management (OPM) rules and regulations.

(b) The ASC may adopt from time to time such rules or regulations governing the conduct of officers and employees as it deems appropriate.

Section 4.02. Officers and Employees Detailed From Federal Agencies.

Any person in the employ of any Federal agency detailed to the ASC shall be considered an officer or employee of the ASC. Such persons shall be assigned to and serve the ASC for a designated, but renewable, period of time, and salaries and benefits received by such officers or employees shall be paid to them by the agency from which that officer or employee is assigned. All salaries and benefits received by such officers and employees shall be reimbursed by the ASC to detailee's home agency. Each Federal agency will apply its own rules, regulations, and policies to the circumstances under which officers or employees assigned to the ASC may resume their duties at that agency upon termination of assignment to the ASC.

*Article V
Fiscal year*

Section 5.01. Fiscal Year.

The ASC budget shall be prepared on the basis of a fiscal year ending on September 30th.

*Article VI
Amendments*

Section 6.01. Amendments. Unless specifically stated herein, any of these Rules may be altered, amended or repealed, or new Rules may be adopted at any meeting, regular or special, of the ASC by the affirmative act of a majority of all ASC members, so long as such action is consistent with the requirements of applicable law. Amendments to these Rules shall not be given retroactive effect.

*Article VII
Public Information*

Section 7.01. Freedom of Information Act.

The Freedom of Information Act (FOIA) is a Federal law that gives the public the right to make requests for Federal agency records. All Federal agencies are required to make requested records available unless the records are protected from disclosure by certain FOIA exemptions. The ASC has adopted regulations (12 CFR 1102). Subpart D of the regulations implements FOIA and describes the procedures for persons to request documents from the ASC. This information is also available on the ASC website at www.asc.gov.

Section 7.02. Public Statements and Statements to the Press.

No written statements shall be made to the press expressing the ASC's policy or descriptive of its action except as authorized by the ASC. Such statements shall be issued, when authorized and approved, through the office of the Executive Director as delegated by the Chairperson. Where an individual ASC member is responding on issues pending before the ASC, that ASC member should use best efforts to alert other ASC members and the Secretary concerning the substance of the response as soon as possible.

Section 7.03. Disclaimer.

Except when otherwise authorized by the ASC, individual ASC members, officers and employees shall include in written statements and oral presentations the following disclaimer of responsibility:

The Appraisal Subcommittee, as a matter of policy, disclaims responsibility for any private publication or statement by any of its Subcommittee members, officers, or employees. The views expressed herein are those of the author and do not necessarily reflect the views of the Subcommittee.

The wording of the disclaimer may vary with the circumstances so long as its substance is clearly communicated. Any written statement or oral presentation which reflects Subcommittee positions must set forth those positions accurately and, if it contains differences with Subcommittee positions, it should clearly state that such positions are solely those of the author.

*Article VIII
Advisory Committee*

Section 8.01. Appointment of an Advisory Committee.

Subject to the Federal Advisory Committee Act (5 U.S.C. App. 1-14) and to such procedures as it may from time to time adopt, the ASC may establish nonvoting advisory committee(s). Such advisory committee(s) shall meet with the ASC on a schedule determined by the ASC. Members of the advisory committee(s) may receive

from the ASC an allowance, in an amount to be determined by the ASC, for necessary expenses incurred in attending such meetings.

*Article IX
Administrative Support*

Section 9.01. *Service of Administrative Support.*

(a) To insure that the orderly administration of the affairs of the ASC is accomplished, administrative support functions shall be provided by the permanent staff of the ASC with assistance, when needed, from staff of the member agencies.

(b) The Chairperson shall have the authority to negotiate and execute agreements regarding personnel, payroll, grant administration, procurement, and other services, consistent with directives of the ASC. In executing this authority, the Chairperson shall be authorized to obtain such administrative support services as he/she deems necessary.

*Article X
Report to Congress*

Section 10.01. *Annual Report to Congress.*

In accordance with section 1103 of Title XI (12 U.S.C. 3332), the ASC shall transmit an annual report to Congress not later than June 15 of each year that describes the manner in which each function assigned to the Appraisal Subcommittee has been carried out during the preceding year. The report shall also detail the activities of the Appraisal Subcommittee, including the results of Compliance Reviews of State appraiser regulatory agencies, and provide an accounting of disapproved actions and warnings taken in the previous year, including a description of the conditions causing the disapproval and actions taken to achieve compliance.

Section 10.02. *Preparation of Reports.*

The Executive Director or other party as designated by the ASC is directed to prepare in a timely fashion, for review and approval by the ASC, the annual report and such other documents concerning the activities or decisions or recommendations of the ASC as is required by law or requested by the Congress or any other party.

*Article XI
Conduct*

Section 11.01. *Ethics Provision.*

The ASC members of the ASC and its officers and employees shall be required to abide by a code of ethics, consistent with applicable law.

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

[Docket No. **INSERT**]

AGENCY: Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

ACTION: Notice of amendment to ASC Rules of Operation governing frequency of regular meetings of the Appraisal Subcommittee.

SUMMARY: The Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council is amending section 3.06(e) of the ASC Rules of Operation, which addresses the scheduling of regular meetings of the ASC. As amended, the ASC will meet at least quarterly instead of every two months (bi-monthly).

EFFECTIVE DATE: Immediately.

FOR FURTHER INFORMATION CONTACT: James R. Park, Executive Director, at (202) 595-7575, or Alice M. Ritter, General Counsel, at (202) 595-7577, Appraisal Subcommittee, 1401 H Street NW, Suite 760, Washington, DC 20005.

SUPPLEMENTARY INFORMATION: The ASC, on May 29, 1991, adopted ASC Rules of Operation, which were published at 56 FR 28561 (June 21, 1991). The ASC Rules of Operation describe, among other things, the organization of ASC Meetings, notice requirements for Meetings, quorum requirements and certain practices regarding the disclosure of information. The ASC, at its November 8, 2017 Meeting, voted to approve quarterly Meetings of the ASC beginning in March 2018 rather than every two months (bi-monthly).

The ASC is publishing amended Section 3.06(e) to conform with 5 U.S.C. 552(a)(1)(C), which requires the publication of agency rules of operation in the Federal Register. The notice and publication requirements of 5 U.S.C. 553 do not apply to the adoption of Section 3.06(e) because

it is a "rule of agency organization, procedure, or practice" exempt from the public notice and comment process under 5 U.S.C. 553(b)(3)(A).

Based on the foregoing, the ASC adopts amended Section 3.06(e) of the Rules of Operation, as follows, effective immediately:

Rules of Operation

* * *

Article III Organization and Operation of the ASC

* * *

Section 3.06. *Organization of ASC Meetings.*

* * *

(e) Regular meetings of the ASC shall be held at least quarterly, unless not practicable, at the call of the Chairperson. Special meetings shall be held as provided in section 3.07(b) below.

* * *

By the Appraisal Subcommittee,

Arthur Lindo
Chairman

Date

Billing Code 6700-01