



Appraisal Subcommittee

Federal Financial Institutions Examination Council

TO: Appraisal Foundation Board of Trustees
FROM: Jim Park, Executive Director
DATE: May 1, 2020
RE: ASC Update to the Appraisal Foundation Board of Trustees

COVID-19 Update

I hope this update finds everyone safe and in good health. I want to start by expressing our appreciation for the efforts of TAF and its Boards in response to the current health crisis and national emergency.

Joint Actions

The March 18 joint letter from AARO, TAF and the ASC sent an important and timely message to our stakeholders that the main players in the appraisal regulatory system are aware of the issues confronting the States and appraisers and we are working together to provide relief and technical assistance when and where needed. Thank you to Mark Lewis and the entire AQB for partnering with the ASC to provide much needed relief from certain aspects of the Criteria to State regulators and appraisers. Finally, but most importantly, thank you to the appraisers on the Board of Trustees and across the country who provide the essential valuation services that are helping keep the country's financial markets intact.

ASC Actions

The ASC's primary concern during the current national health crisis is the safety of appraisers, regulators, consumers and all concerned. We also recognize the difficulties many State regulators will have meeting federal regulatory requirements. The ASC provided immediate relief to State Appraiser and AMC Programs by postponing the remaining 2020 Compliance Reviews and will focus on relief and technical assistance for the foreseeable future. The Compliance Review schedule will be revisited once the health crisis has abated and the State Programs are functional. State regulators were also reminded that ASC Policy Statements have flexibility around deadlines when files are properly documented.

2020 Grant Update

TAF Grant

In 2019, the ASC Board approved a \$471,348 grant for the grant eligible work of the AQB and ASB in 2020. The grant to support the AQB/ASB has not yet been accepted by TAF. TAF senior staff has expressed concern that accepting grant funds for the ASB could jeopardize TAF's USPAP sales revenue stream. On March 26, 2020, TAF sent a new grant proposal to the ASC Board, requesting that the ASC double its grant for the AQB and not provide for the ASB at all. The ASC Board convened a Special Meeting and by unanimous vote declined to entertain the alternate request and directed the ASC staff to provide written notice to TAF of this fact (see attached). The ASC staff will reissue the Notice of Grant Award associated with the previously approved award. We encourage TAF to continue using these federal dollars to keep costs to appraisers, States and other stakeholders at a minimum.

TAF's stated concern over accepting additional federal funds for the ASB prompted ASC staff to begin legal research relative to TAF's concerns. We informed TAF senior staff that we are researching these issues and will share the results with TAF. As TAF and the ASC are key organizations within the appraisal regulatory system and have been cooperating partners for over 30 years, my recommendation and hope is that we work together to fully understand these issues and what, if any implications they have for TAF's revenue model and the overall appraisal regulatory system.

State Grants

In 2019, the ASC Board approved a \$314,058 grant for the Investigator Training Courses, which is administered by TAF. The Investigator Training grant award has been accepted by TAF and is underway. Unfortunately, the pandemic has caused the first two Investigator Training courses to be cancelled and the third may have to be as well.

Our Grants Office is also working with AARO and the States to expand the State grant program and has scheduled several virtual grant training workshops for April. The workshops will introduce the new ASC grants program to the States and allow the States to share ideas about what grants can best be used to support State appraiser certifying and licensing agencies in carrying out their regulatory responsibilities under Title XI.

TAF Staffing

Historically, TAF staffing has remained remarkably stable. However, in the last few years, several members of the staff have left, including some of the most senior and experienced staff. We are concerned about the impact of these staffing changes to the Title XI and grant related work of TAF as well as the loss of institutional knowledge. We encourage the Board of Trustees to assess and limit the potential impact of these personnel losses on TAF's near-term operations and longer strategic goals.

AQB and ASB Exposure Drafts

The AQB and ASB both have exposure drafts out for proposed changes to the Criteria and USPAP respectively. We encourage the AQB and ASB to consider the need for changes during a national emergency when some States may find it difficult, if not impossible, to comment on or implement criteria and standards changes for the foreseeable future. Other stakeholders may also find it difficult to prioritize and effectively respond to proposed changes.

In Conclusion

Over 30 years ago, Congress created the unique appraisal regulatory system we have in place today. Over those three decades, a critical partnership has been forged between the States, TAF and ASC that has served appraisers, regulators and the American public well. I am proud of the accomplishments this partnership has produced such as the Investigator Training Courses, national exams and Veteran's initiative. As Trustees, I hope you share in that pride as well. The partnership has withstood many tests over the past three decades and continued to not only endure, but flourish. Once again, we are being tested, maybe more than ever. I call on the Trustees and TAF staff to work with the ASC in an open and transparent atmosphere so that we may all serve the appraisal community and its stakeholders to the best of our ability.

Attachment

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee
Federal Financial Institutions Examination Council

April 14, 2020

Via Email

Mr. David Bunton
President
The Appraisal Foundation
1155 15th Street NW, Suite 1111
Washington, DC 20005

Dear Dave:

On April 9, 2020, the Appraisal Subcommittee (ASC) Board held a Special Meeting to respond to a letter and grant proposal submitted by the Appraisal Foundation (TAF) directly to the ASC Board for consideration. By unanimous vote, the ASC declined to entertain the alternate grant proposal submitted to the ASC Board on March 26th and directed the ASC staff to provide written notice to TAF of this fact. The ASC staff will re-issue the Notice of Grant Award (NGA) associated with the previously issued award.

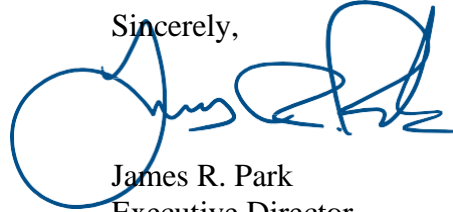
As has been the case for the past 30 years, the ASC is committed to supporting the grant eligible activities of the Appraisal Standards and Appraiser Qualifications Boards, and previously approved a \$470,000 grant for FY 2020. While the NGA was allowed to expire (including two extensions), the ASC will reissue the NGA making the \$470,000 award available for ASB/AQB activities back to October 1, 2019 through September 30, 2020. This is the first of a three-year grant award with total budget authority of up to \$1,363,532 over three years.

Prior to re-issuing the NGA, our Grants Director will work with TAF to address immediate concerns. We are willing to explore assurances that the 2020 grant will be administered similarly to past ASC grants to TAF. At the same time, we are conducting legal research to identify any areas that may need to be addressed in the future and are committed to sharing information with TAF as we learn more on this topic.

Over the past three decades, the ASC and TAF have engaged in a regulatory partnership that has withstood the test of time. FY 2020 will bring new opportunities to work together as the ASC releases new funding availability announcements to support States in their regulatory roles. TAF has a natural and welcomed role to play in these upcoming opportunities.

On behalf of the ASC Board, I invite you to continue the effective working relationship the two organizations have enjoyed since the inception of Title XI. I will have our Grants Director reach out to your finance staff to discuss both the 2020 and 2021 TAF grants. As always, do not hesitate to contact me with any questions.

Sincerely,



James R. Park
Executive Director

Cc: Tim Segerson, ASC Chair – NCUA Representative
Richard Taft, ASC Vice-Chair – OCC Representative
Arthur Lindo, ASC Member – FRB Representative
Maria Fernandez, ASC Member – FHFA Representative
Bobbi Borland, ASC Member – HUD Representative
John Jilovec, ASC Member – FDIC Representative
John Schroeder, ASC Member – CFPB Representative

Leila Dunbar, Chair – Appraisal Foundation Board of Trustees
Jeremy Gray, Vice Chair – Appraisal Foundation Board of Trustees
Lisa Hobart, Treasurer – Appraisal Foundation Board of Trustees
Emerson Sutton, Secretary – Appraisal Foundation Board of Trustees
Ronny Johnson, Immediate Past Chair – Appraisal Foundation Board of Trustees