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From: James R. Park
Sent: Wednesday, July 1, 2020 10:37 AM
To: David Bunton; leila@leiladunbar.com; Mark Lewis; Miller, Wayne R; Lisa Desmarais
Cc: Denise Graves; Alice M. Ritter
Subject: ASC Monitor and Review of TAF
Attachments: Monitoring and Reviewing TAF Practical Guide_final.pdf; ASC Policy - TAF Monitor and Review - 06.24.20.pdf

All,

Attached is the Practical Guide for ASC Monitoring & Reviewing of TAF. Following our call a couple of weeks ago on the implementation of the new Monitor and Review Policy, we carefully considered your comments in developing this Practical Guide.

The Practical Guide lays out our general view of what could be considered under each reference in Title XI. Observation Reports will be sent on an as-needed basis to Board Chairs and key staff depending on the issue. The reports will be provided in writing, although phone calls and meetings may be used when added discretion is appropriate. We also intend to continue the practice of reporting directly to the Board of Trustees.

The Board also approved the technical edit to our overall Policy on monitoring and review deleting the reference to the "Grants Office." The revised Policy is also attached.

We would like to schedule a call to discuss. I am on leave next week so please let us know a time on or after July 13 you are all available for a call.

Thanks,

Jim

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Practical Guide for ASC Monitoring & Reviewing of TAF

Our written comments, observations and recommendations are intended to be candid, constructive and provided under a continuous improvement model focused on ensuring transparency, accountability and sustainability of TAF operations. Monitoring and review feedback outside of formal audits will generally be treated as confidential correspondence but may be subject to Freedom of Information Act Requests.

There will also be times when verbal communication and dialog will likely be sufficient to address any concerns or questions ASC staff may have on a given topic or issue. The ASC staff will exercise discretion in determining the best way to provide feedback to TAF. Anticipated vehicles to provide feedback include, but are not limited to, twice yearly reports to the BOT, specific memoranda to appropriate staff or Board chairs, and verbal communication and input at meetings/work sessions.

Statutory Authority:

Title XI, section 1103(b)1, *Monitoring and reviewing Foundation*, states that the ASC shall monitor and review the following aspects of the Foundation, including its “*practices, procedures, activities and organizational structure.*”

We view the statutory requirement as follows:

- ‘Practices’ include day-to-day normative operations of TAF
- ‘Procedures’ include any written policy or practice that has been codified in such places as TAF’s bylaws or internal controls manual
- ‘Activities’ include the practical implementation of any project, initiative or policy/procedure undertaken by TAF
- ‘Organizational structure’ includes the structure and function of the AQB, ASB and TAF’s BOD, as well as the structure and functions of staff at TAF

Example Areas of Monitoring and Reviewing

ASC staff will be monitoring and reviewing the four general and overlapping areas of policies, procedures, activities and organizational structures, including:

- Board management
(e.g., selection, participation, time management)
- Staffing
(e.g., sufficiency of human resources, effectiveness of support)
- Board communications with stakeholders
(e.g., exposure drafts, concept papers, surveys, other communications)

- Criteria and USPAP adoption
(*e.g.*, public input process, State input)
- Meetings and conference calls
(*e.g.*, management, effectiveness)
- BOT oversight
(*e.g.*, effectiveness)
- Bylaws
(*e.g.*, content, adherence)
- Outreach to stakeholders
(*e.g.*, appraisers, States, education providers, etc.)
- Criteria and USPAP changes
(*e.g.*, need/reason for change, potential impacts of proposed changes, post revision of USPAP/Criteria review of effectiveness)
- Activities outside of Title XI
(*e.g.*, potential impact on Title XI responsibilities, transparency)
- Board structure and makeup
(*e.g.*, Title XI interests)
- Staffing
(*e.g.*, organizational structure, personnel performance)
- Strategic planning
(*e.g.*, transparency, adherence)
- Sustainability of current business model
(*e.g.*, effectiveness of overall structure)
- Selection of board members
(*e.g.*, process, policies, training)

Policy on Monitoring and Reviewing the Appraisal Foundation

[June 24, 2020]

Purpose

Title XI requires the Appraisal Subcommittee (ASC) to monitor and review specific aspects of the Appraisal Foundation (Foundation). This policy clarifies how the ASC will meet this statutory requirement and is in addition to the monitoring and review of grant-related activities as set forth in the ASC's Grants Handbook.

Statutory Authority

Title XI, section 1103(b)¹, *Monitoring and reviewing Foundation*, states that the ASC shall monitor and review the following aspects of the Foundation, including its "practices, procedures, activities and organizational structure."

Monitoring and Reviewing the Foundation

The Foundation is a vital partner that plays a critical role in supporting and advancing the real estate appraisal regulatory system. ASC staff will monitor and review Foundation activities using a continuous improvement model that encourages constructive, ongoing communication between the ASC and the Foundation while providing written and verbal feedback to increase the effectiveness of Foundation operations and programming.

The below list of ASC activities is not exhaustive and is subject to periodic review and modification at the sole discretion of ASC. A summary of written comments will be provided to the ASC Board as part of the Executive Director's quarterly report.

Foundation Board of Trustees Meetings

At least one, preferably two, member(s) of the senior ASC staff will attend Foundation Board of Trustees and Executive Committee meetings (public and private) including conference calls.

ASB/AQB Meetings

ASC staff will continue monitoring and reviewing activities under Title XI authority through attendance at ASB/AQB meetings, conference calls and both written and verbal feedback on Board activities. ASC staff will not routinely attend committee, subcommittee or subject matter expert panel meetings, but will be available for those meetings on an as needed basis.

Audits and Investigations

Formal reviews of the Foundation may be periodically commissioned by the ASC through engagement of a professional audit firm. Audits will be to generally accepted government auditing standards (GAGAS) and may include agreed-upon-procedures audits, inspections, or examinations of the Foundation's practices, procedures, activities, and organizational structure.

¹ Title XI § 1103 (b), 12 U.S.C. 3332 (b).