

Approved 1/23/13

Appraisal Subcommittee

Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee
FROM: Jim Park, Executive Director
DATE: January 23, 2013
SUBJECT: Implementation Plan for the Appraisal Complaint National Hotline (revised)

Recommendation

Staff recommends ASC approval of a phased implementation (three phases) of the Appraisal Complaint National Hotline (Hotline)¹, with Phase 1 commencing no later than March 29, 2013.²

Implementation Details

The purpose of the Hotline is to refer complainants to the appropriate State and/or Federal agency regarding alleged violations of the Uniform Standards of Professional Appraisal Practice (USPAP) and/or appraisal independence standards. During Phase 1, the Hotline will be located in the ASC Washington DC headquarters. Temporary call center representatives (CCRs) will be hired³ and trained by ASC staff to refer callers to the appropriate State and/or Federal government agency to address their complaint. A website has been created

To Be Determined to refer complainants, and includes an e-mail option as another means to obtain a referral (specific instructions are included regarding information to be submitted for an email referral). The website also includes the toll-free number for the call center and other useful information.

Phase 1 Launch

Phase 1 is planned as a soft rollout⁴ to accomplish two goals:

1. refer complainants⁵ to the appropriate State and/or Federal agency in order to meet the requirements of the Dodd-Frank Act; and

¹ The term Hotline refers to the website, email address and call center.

² The exact launch date should be determined by the ASC at the February 13, 2013 ASC Meeting.

³ CTI Global Solutions provides temporary staffing services. They can accommodate bilingual and other specific needs.

⁴ Staff suggests issuance of notice to the State appraiser regulatory officials announcing the Hotline's establishment and the exact scope of the Hotline. Advertising of the Hotline should be minimal during Phase 1 of the rollout.

⁵ The actual filing of a complaint would occur after referral to the appropriate governmental body for further action.

2. study the volume and nature of complaints to understand how to maximize the usefulness of the Hotline.

During Phase 1, the ASC will collect non-personal data generated by responses to questions that will be asked of complainants, either via CCR, the website or email. The questions are designed to provide the Hotline with necessary information to enable referral of complainants to the appropriate State and/or Federal agency. Responses to the questions will identify:

- the type of complainant (appraiser, appraisal management company, bank [savings and loan, thrift, credit union or other financial institution], mortgage broker, lender or loan originator, settlement services provider or other)
- the nature of the complaint (USPAP or appraisal independence)
- the entity the complaint is against (appraiser, appraisal management company, bank [savings and loan, thrift, credit union or other financial institution], mortgage broker, lender or loan originator, settlement services provider or other)⁶
- State where the property is located
- In the case of a complaint that involves a financial institution, the type of property (residential, commercial or none)

Complainants will also have the opportunity to find out where to file complaints associated with FHA, VA, USDA-RD loans and complaints regarding the Government Sponsored Enterprise's Uniform Appraisal Dataset and Uniform Collateral Data Portal. (See Attachment #1 for examples of complainant referral process; see also Attachment #2 for referral matrices.)

Paperwork Reduction Act (PRA) Considerations

ASC staff provided a demonstration of the Hotline website for the OMB desk officer and other ASC member agency representatives. The OMB desk officer concluded that the website and data collected would not initiate Paperwork Reduction Act (PRA) clearance requirements.

Additional Requirements

The following is required to make the Hotline operational:

- Add call center application to the existing telecom system
- Complete Hotline website
- Hire and train temporary call center staff⁷
- Complete call center scripts and work flow
- Establish operational reports regarding:

⁶ Complainant selection data (website and call center) will be reported to the ASC on a monthly basis during Phase 1.

⁷ Initially the call center will have two CCR's. A third CCR as well as three ASC staff members will also be trained as backups. The three CCR's have been interviewed and selected. The temp firm that provided the CCR's was selected from the GSA schedule.

- Website, call center and email volume
- complainant website, call center or email selections
- agency referrals
- Establish quality control standards and metrics for:
 - number of calls answered by CCRs (individually and collectively)
 - call duration
 - call center queue length
- Establish information sharing process for member agencies to report status of referrals to the ASC. (Member agencies have tentatively agreed to report to the ASC type of complaint, nature of the complaint, who the complaint is against, the State where the subject property of the appraisal is, the property type [1-4 family residential or commercial] and status [closed, rerouted to another agency or pending]; a data collection spreadsheet is under development for use by each agency to individually compile and report this information to the ASC on a quarterly basis. This data should be provided to the ASC within 60 days of the end of the quarter.)

In Phase 1, the Hotline will provide referral information that will allow complainants to contact the appropriate agency or agencies to address their complaint. (See Attachment #3 for major tasks and rollout timeline; see also Attachment #4 for additional considerations in establishment of the Hotline.)

Hotline Website Security

The Appraisal Complaint National Hotline website is secured using industry best practices and has a low risk profile for the following reasons:

- No sensitive, confidential, or personally identifiable information is transmitted, stored or exposed through the site
- The servers hosting the site are located in a secure datacenter certified for proper physical and electronic security systems and procedures
- The website is situated behind a firewall that restricts incoming web traffic to only that which is necessary to use the site and blocks all other connections
- The website software was developed using best practice coding techniques which prevent all known penetration methods including code injection

Phase 2 — Analysis

During Phase 2 (approximately 6 months after Phase 1 launch), ASC staff will conduct an operational review of the Hotline, which will include evaluation of the website, email and call center metrics:

- Call center volume
- Average call length

- Average time in call center queue
- Number of hang-ups while in call center queue
- Website and email volume
- Website and email selections and referrals
- Number of misdirected referrals

The available data will be analyzed to see what the trends are in terms of the nature of the complaints as well as type of complainants. Phase 2 will conclude with an overall review of the Hotline's performance and cost effectiveness. Based on the results of the review, staff will develop recommendations regarding the permanent disposition of the call center, including whether it remains as an in-house operation, be contracted out, or studied further.⁸

Phase 3 – Contracting or Maintenance

Depending on the decisions made in Phase 2, the ASC may or may not wish to procure the services of an outside vendor to operate the call center. If the ASC determines that the Hotline should remain in-house, Phase 3 would include making needed improvements identified in Phase 2, and moving into a routine operation and maintenance phase. If the ASC decides to contract management of the call center, Phase 3 would consist of the vendor procurement process. As requested by the ASC, a preliminary statement of work (SOW) has been drafted (an RFP would also be required). The process to finalize these documents could potentially take 60 days. Vendors should be given 30 to 45 days to provide proposals, and then an additional 30 days will be needed to evaluate the proposals.

In order to procure outside services of a vendor, including another government agency, the appropriate procurement process will need to be determined.⁹ As an alternative, the ASC may choose to take advantage of procurement through the General Services Administration's (GSA) schedules. Also available through GSA is USA Contact.¹⁰ (See Attachment #5 for further information on USA Contact and procurement process terminology.) If another government agency is interested in providing call center services, the ASC could enter into an Interagency Agreement¹¹ if the ASC determines this is the best procurement approach to meet the ASC's schedule, performance and delivery requirements, and is advantageous for cost effectiveness.

⁸ The outsourcing decision only applies to the call center function.

⁹ A determination will need to be made concerning requirements of the Federal Acquisition Regulations (FAR) relative to the ASC. Independent agencies that are not required to follow the FAR still look to the FAR for guidance. Also, because it is reasonable to assume that ASC member agencies may respond to an RFP, the procurement process should safeguard against conflict of interest by separating individuals involved in the drafting of the RFP from those involved in the determination of the award.

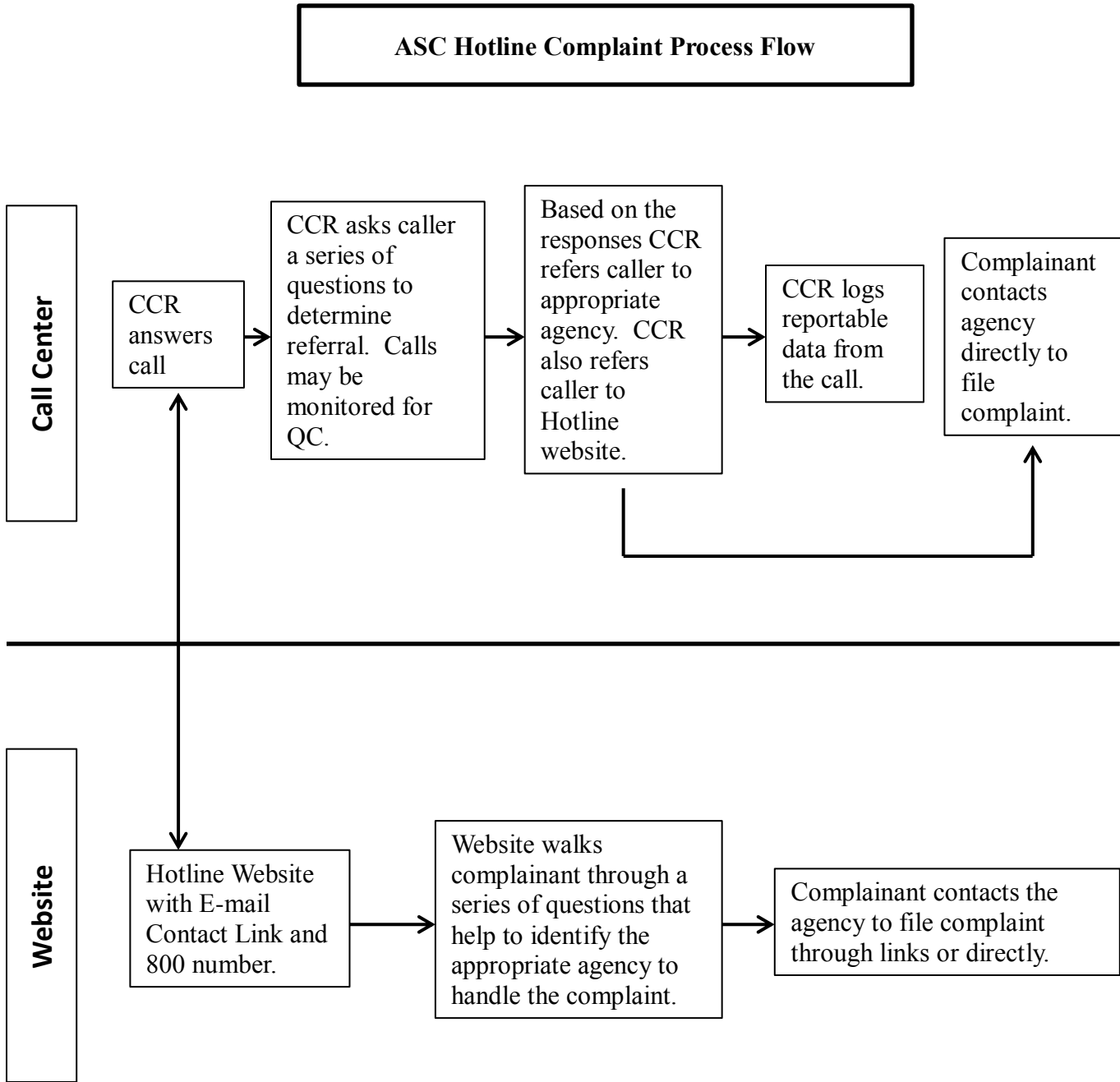
¹⁰ If USA Contact is selected, a statement may be required indicating why the ASC chose USA Contact over a small minority or women owned business.

¹¹ See Part 17.5 of the FAR.

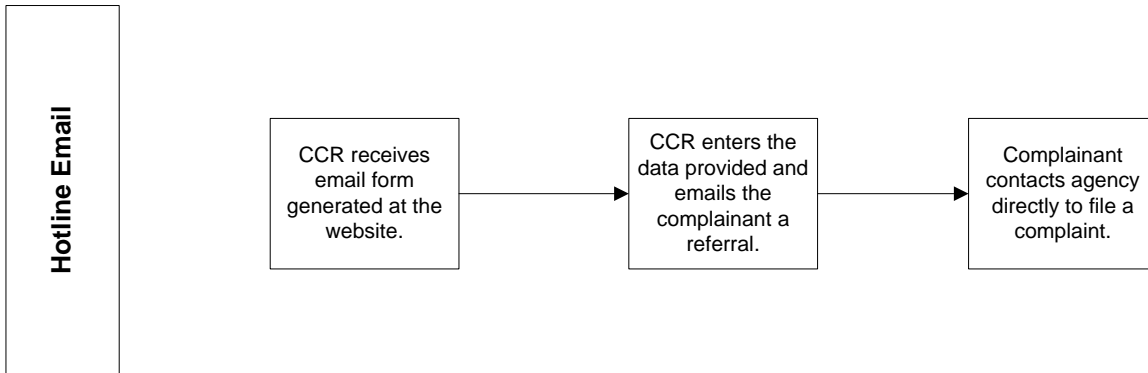
Conclusion

Staff recommends a launch date for Phase 1 of the Hotline as soon as practicable, and no later than March 29, 2013. As further support for this approach, representatives from the USA Contact office in the GSA indicated they typically recommend this same phased approach to clients with similar hotline needs. USA Contact also emphasized that the ASC could approach them at any time for assistance in setting up an outsourced Hotline in total or in setting up the call center.

Attachment #1 – Complaint process flow



Attachment #1 – Complaint process flow (cont'd)



Attachment #2 – Complainant Referrals as approved by the inter-agency working group in November 2012.

**APPRAISAL COMPLAINT NATIONAL HOTLINE
1-to-4 UNIT SINGLE FAMILY RESIDENTIAL (incl. mixed use of 1-to-4)
(INCLUDES REFERRAL TO SINGLE FEDERAL INTAKE REGULATOR)**

COMPLAINT			REFERRALS							ADDITIONAL REFERRAL (if applicable)	
Regarding:	Against:	Inst. Size	FDIC	FRB	OCC	NCUA	CFPB	State Appraiser Regulatory Program	State Mortgage Broker/Loan Originator Agency	FTC	
USPAP	Appraiser	N/A						X			
	Fed thrift or Nat'l bank (or AMC as agent)	> \$108					X	X			
	Fed thrift or Nat'l bank (or AMC as agent)	≤ \$108			X			X			UAD/UCDP → FHFA
	Credit union (or AMC as agent)	> \$108					X	X			
	Credit union (or AMC as agent)	≤ \$108				X		X			GOVT INSURED/GUARANTEED → HUD/FHA VA USDA
	Appraiser/ Appraisal Independence (including TILA)	Other federally/state regulated financial inst. (or AMC as agent)					X	X			
		Other federally/state regulated financial inst. (or AMC as agent)	*	*				X			SUSPECTED FRAUD → FBI StopFraud.gov
	Mortgage broker, lender, other non-depository institution	N/A					X		X		
	Settlement services providers	N/A					X	X		X	
	Others	N/A					X	X		X	

* Referral to only one of the following: FDIC or FRB (based on MIC system identification of the financial institution regulator).

Attachment #2 – Complainant Referrals as approved by the inter-agency working group in November 2012 (cont.)

APPRAISAL COMPLAINT NATIONAL HOTLINE
COMMERCIAL PROPERTY
(INCLUDES REFERRAL TO SINGLE FEDERAL INTAKE REGULATOR)

COMPLAINANT			REFERRALS							ADDITIONAL REFERRAL (if applicable)	
Regarding:	Against:	Inst. Size	FDIC	FRR	OCC	NCUA	CFPB	State Appraiser Regulatory Program	State Mortgage Broker/ Loan Originator Agency	FTC	
USPAP	Appraiser	N/A						X			
	Fed thrift or Nat'l bank (or AMC as agent)	> \$10B			X			X			
	Fed thrift or Nat'l bank (or AMC as agent)	≤ \$10B			X			X			
	Credit union (or AMC as agent)	> \$10B				X		X			
	Credit union (or AMC as agent)	≤ \$10B				X		X			
	Other federally/state regulated financial inst. (or AMC as agent)	> \$10B	*	*				X			GOVT INSURED/ GUARANTEED → HUD/FHA VA USDA
	Other federally/state regulated financial inst. (or AMC as agent)	≤ \$10B	*	*				X			SUSPECTED FRAUD → FBI FTC StopFraud.gov
	Mortgage broker, lender, other non-depository institution	N/A							X	X	
	Settlement services providers	N/A						X		X	
	Others	N/A						X		X	

* Referral to only one of the following: FDIC or FRR (based on NIC system identification of the financial institution regulator).

Attachment #3

Timeline for Phase 1 Hotline Implementation

12/12/12 – ASC to approve Hotline Policy (completed)

12/12/12 – ASC to review and discuss recommended Hotline implementation (completed)

12/12/12 – 1/23/13 – Staff to complete the following:

- Website
 - Design
 - Work flow (finalize work flow based on final matrices and specifics on data gathering and management)
 - Content (informational tabs and pop-ups; final review of Federal and State government agency information)
 - Monitoring procedures – review and analysis of user interaction with the website including:
 - Number of website hits
 - Complaints initiated (click through notice)
 - Success rate (frequency of users receiving a correct referral)
 - User selection statistics
 - type of complainant (appraiser; appraisal management company; bank, savings and loan, thrift, credit union or other financial institution; mortgage broker, lender or loan originator; settlement services provider; other)
 - nature of the complaint (USPAP or appraisal independence)
 - entity the complaint is against (appraiser; appraisal management company; bank, savings and loan, thrift, credit union or other financial institution; mortgage broker, lender or loan originator; settlement services provider; other)
- Call center
 - Workflow details (finalize based on final matrices and specifics on data gathering and management)
 - Finalize CCR and auto-attendant scripts
 - CCR monitoring procedures including
 - call center activity (number of calls coming in, calls in queue and for how long, call length)
 - call center service (CCR interactions with customers, accuracy of referrals)
 - user selection statistics (same as website)

Non personal, aggregated information will be shared between the ASC and member agencies no less than quarterly to better understand the complaints referred.

1/23/13 – ASC to approve final Implementation Plan.

1/28/13 – 2/1/13 – Train CCR staff; complete internal testing.

2/4/13 – 2/8/13 – Test Hotline with agencies during this week.¹² An entire week of testing may not be required. Upon successful completion notify States of release date.

2/13/13 – Review of testing results and ASC approval of go live date.

2/14/13 – Notify States of go live date (see attached draft notification letter).

2/11/13 – 2/15/13 – Based on testing, make adjustments as necessary.

2/19/13 – 3/4/13 – Tentative go live date.

The Hotline must be operational by 3/29/13. The proposed timeline provides flexibility in case problems arise that must be addressed prior to going live.

¹² Testing includes the functionality of the website (including compliance with the Plain Writing Act) and call center (including CCR scripts). The website will be made available for testing by the agencies.

Attachment #4 – Additional Considerations in Establishment of Hotline

Objectives of the Hotline

The Hotline is being established to assist in protecting the integrity of federally related transactions by establishing a central complaint referral system for consumers, appraisers, and other entities. The Hotline is meant to serve as a referral mechanism of complainants to appropriate governmental bodies¹³ for further action. Other than the authority to follow up on referrals to determine the status of the resolution, the ASC has no authority to investigate complaints. In order to meet the minimum requirements set forth in the Dodd-Frank Act (Act):

1. The Hotline must be available to appraisers, consumers and other entities;
2. The Hotline is to receive complaints of non-compliance with appraisal independence standards and Uniform Standards of Professional Appraisal Practice (USPAP);
3. The Hotline shall include a toll-free telephone number and an email address; and
4. The ASC shall refer complaints for further action to appropriate governmental bodies.

Estimated Complaint Volume

Due to the fact that the Hotline will be the first national complaint hotline established specifically to refer complaints regarding alleged violations of appraiser independence standards and USPAP, estimating complaint volume is difficult. To gain an understanding of complaints currently being received by various government agencies, we queried certain agencies regarding their complaint volume where the word “appraisal” or “appraiser” was used. The average monthly appraisal related complaint volume for each agency is presented in the table below. Also considered is the number of complaints the ASC already receives through both email and telephone calls.

Agency	CFPB	FRB	FDIC	NCUA	OCC	Total
Annual Complaint Volume (2012)	1500	200	300	200	1500	3,700

HUD does not track complaints. The FHA Resource Center has received 2,388 requests over the past 45 months or 54 per month. It is not known how many of those inquiries tuned into complaints.

Complaint volume could be influenced by several factors including:

- Regulatory or guidance publications by Federal and State regulators;
- Significant disruptions in the appraiser/AMC marketplace. For example, the FHFA reported that in 2008 and 2009, the agency received 1,200 and 1,700 complaints respectively regarding the Home Valuation Code of Conduct.
- Significant swings in the U.S. economy and housing market.

¹³ “Appropriate governmental bodies” includes State appraiser certifying and licensing agencies, financial institution regulators, or other appropriate legal authorities.

We anticipate that a significant percentage of the complainants will be appraisers regarding appraisal management companies (AMCs); particularly concerning the payment of customary and reasonable fees. The Federal Reserve Board staff reported receiving 256 appraisal or appraiser related complaints during the first nine months of 2011. 43 percent (111) of those complaints were in regard to the interim final rule regarding appraisal independence which includes the customary and reasonable fee requirements in the Truth in Lending Act.

Common complainants will likely be:

- appraisers
- real estate buyers and sellers
- homeowners refinancing their homes
- review appraisers
- lenders and servicers
- real estate agents

We estimate the Hotline will refer 3,000 - 6,000 complainants in the first 12 months of operation. We anticipate that initial complaint volumes will peak within the first 3-6 months and then lessen as complainants learn where and how to file their complaints directly and that the ASC has no authority to investigate the complaints or act on the complainant's behalf. For purposes of this recommendation, an annual complaint volume of 6,000 is used.

Approximately 50% of the overall complaint volume is expected to be handled by the website with no human resource needed.

Call Center Volume Estimates (includes email)

Total annual complainant volume:	6,000
- complaint volume first 6 months	3,600
Annual Call Center Volume (50%)	3,000
- call center volume first 6 months	1,800

Estimated Monthly Call Center Volume **300**

During Phase 1, call center staff will have the capacity to refer approximately 750-1000 calls per month.¹⁴ Since temporary staff can be discontinued on short notice overstaffing for the first 3-6 months, in case call volume is higher than anticipated, is prudent.

Volume will likely be tempered in the long run by the number of options that already exist to file complaints on appraisers. We anticipate many appraisal related complaints will continue to be sent to the same government agencies that already receive such complaints. Volume will also be driven in part by the way the ASC chooses to promote the Hotline.

¹⁴ Calls, including CCR documentation requirements, are projected to last an average of 15 minutes.

Estimated Annual Hotline Expenses

ASC Hotline Estimated Expenses			
	Phase 1 Scenario 1	Phase 1 Scenario 2	Phase 1 Scenario 3
Annual Complaint Volume	3,000	6,000	21,600
Annual call center volume	1,500	3,000	10,800
CallView Pro (call center software)	\$750	\$750	\$750
Website development	\$10,000	\$10,000	\$10,000
Temp Staff	\$74,400 ¹⁵	\$120,000 ¹⁶	\$120,000 ¹⁷
Licensing fees	\$1,200	\$1,200	\$1,200
800 # purchase	\$50	\$50	\$50
Mo. 800 number expenses	\$2,160	\$4,260	\$10,800
Total	\$88,560¹⁸	\$136,260	\$142,750

Scenario 1, estimates the first year’s volume to be 3,000 with the call center receiving 1,500 calls. Scenario 2 estimates 3,000 calls and 10,800 in Scenario 3. The website has no practical use limitations and two CCRs would support all three scenarios. If call volumes are greater than Scenario 3 two additional CCRs could be added to the call center. Furthermore, representatives at the USA Contact office of the GSA have indicated that they would be available to assist the ASC in building an outsourced call center quickly (within a matter of days or weeks) if volumes greatly exceed expectations or if the ASC decides to outsource the call center for other reasons. (See Attachment #5 for further information regarding the GSA’s USA Contact group.)

Expenses to upgrade the existing telecom system and website to accommodate the Hotline would be the same regardless of complaint volume. Existing ASC staff will assist the CCRs when needed.

ASC Member Agency Hotlines

Discussions were held with member agency staff regarding their Hotlines and their ability to partner with the ASC. The process the ASC would have to follow when it begins referring complainants to the agency Hotlines was also discussed. With the exception of the FHFA¹⁹, each of the agencies has a Hotline in place with defined protocols for receiving and referring complaints internally or externally. Most of the agencies have contracted outside of their agencies to develop and staff their Hotlines. Several of the agencies indicated a willingness to partner with the ASC on the Hotline if needed.

¹⁵ Based on 2 full-time agents for the first 3 months and 1 full-time agent for 9 months.

¹⁶ Based on 2 full-time agents for 12 months.

¹⁷ Based on 2 full-time agents for 12 months.

¹⁸ Website improvements, call center software, and other cash outlays may be subject to depreciation and lower the actual expense.

¹⁹ FHFA has defined protocols for referring complaints but has no actual complaint call center or hotline.

Pros and Cons of Operating the Call Center In-house

This option establishes and operates a Hotline call center in the ASC office.

Pros:

- Allows the ASC to establish and begin operation of the Hotline call center relatively quickly following ASC approval.
- Cost of establishing and operating the call center is relatively low.
- Existing telecom system is upgradeable to accommodate the call center.
- Allows the ASC to understand the scale and complexity of complaints before making long term contractual commitments.
- Temporary staff can be easily increased or decreased. Once complaint volume has been established, temporary staff positions could be converted to full time if needed.
- Provides the ASC more direct control of the call center allowing operational adjustments to be made quickly and easily.
- Capacity could be easily added to address complaint volume in excess of projections.

Cons:

- Requires more staff time. Could lead to more FTE's.
- Significantly larger than anticipated call volumes could lead to service problems.

Contractor Operated Call Center

A contractor could either be a private company or government agency.

Pros:

- Requires less staff time to manage.
- Leverages established call center systems and the people who manage them.
- Allows for a diverse selection of options.
- USA Contact Center has extensive experience with call centers and a streamlined procurement process.

Cons:

- Call center volume could be too low to elicit responses to an RFP.
- May require Small Business Administration approval.
- Affords less operational control of the call center.

Attachment #5 – GSA USA Contact

What is USA Contact?

USA Contact is a contract vehicle that federal agencies can use to secure contact center services. USA Contact provides support to federal agencies in their efforts to provide access to information and ensure timely, consistent, and accurate responses to public inquiries.

Who is USA Contact?

The GSA Office of Citizen Services and Innovative Technologies Federal Citizen Information Center (FCIC) operates the National Contact Center, a toll free number call center which answers questions from the public about federal agencies. The Office of Citizen Services and Innovative Technologies also offers services, tools, and applications for federal agencies that need to establish a new contact center. Procurement assistance to agencies is provided through USA Contact – a multiple award indefinite-delivery, indefinite-quantity (IDIQ) contract that specializes in contact center services. The same agency that built and manages the National Contact Center created this IDIQ contract and made it available through USA Contact to other federal agencies, thereby enabling the purchase of contact center services through a streamlined approach. USA Contact was preceded by the FirstContact contract, the first multichannel IDIQ contract vehicle for contact center services. FirstContact was awarded in 2004 and remained in effect until mid-2009.

How does USA Contact assist agencies with procurement?

USA Contact can issue a request for quotation to their nine solution partners, receive their responses, award a task order, and be operational in weeks rather than months. USA Contact offers a Procurement Tool Kit to help agencies prepare the necessary documents, including a statement of work, limited acquisition plan if required, determinations and findings, source selection plan, instructions to offerers, task order and final contract. A full and open competition can sometimes take a year and a half to award. With USA Contact, once an interagency agreement and statement of work are in place, the process can take as little as 60 days.

Examples of USA Contact IDIQ Task Orders awarded:

EIA U.S. Energy Information Administration – Awarded 2010

CFPB Consumer Response Center Federal Reserve System – Awarded 2011

EPA NSCEP National Service Center for Environmental Publications - Awarded 2011

Contact information for USA Contact:

Walton, Barbara 1275 First Street NE
Washington DC 20417 Phone: (202) 208-0568
Email: barbara.walton@gsa.gov

Procurement Process Terminology

Term	Definition
Sole Source Procurement	Choose only one service provider to service the agency. Must provide significant justification why using only one source.
Request for Information (RFI)	Request specific information about an issue from vendors. This will assist in developing the request for quote or request for proposal.
Request for Quote (RFQ)	Request vendors to quote on a project, usually used for an off-the-shelf product request. Vendors do not need to draft a proposal.
Request for Proposal (RFP)	Request vendors provide a more thorough response or proposal to a complex situation. Usually 30 to 45 days to respond.
Statement of Work (SOW)	Developed for complex project and is usually attached to the request for proposal. This is complex and will take time to develop. Sufficient time should be used in the development to make sure everything that needs to be done is stated appropriately.
GSA Schedule	Shorter list of vendors approved to provide services. Searching the schedule is permitted using service words such as "Call Center." There are 213 vendors available on the schedule to provide call center services. Located at www.gsaelibrary.gov .
Procurement Limit	For some government agencies, there is a predetermined limit where competitive bidding is required. ASC needs to determine whether a limit applies. Three written comparable bids are required from three different vendors. Vendors can be targeted and provide bids, or the RFP and SOW can be advertised to obtain bids.