

TO: Appraisal Subcommittee

FROM: Jim Park, Executive Director

DATE: August 27, 2023

RE: September 6, 2023 ASC Briefing Package

This Briefing will be held on the Webex platform.

Explanation of Agenda Items:

1. FY24 Budget Proposal

- A revised budget proposal is attached. Responses to ASC Board member questions are also attached. The budget proposal is also on the September 13th quarterly meeting agenda for approval.

2. IT Update

- The transition to Easy Dynamics as the agency's IT vendor is fully complete and going well. Staff will provide a brief overview of the transition and take Board questions.

3. Enforcement Rule Update

- A revised proposed rule is attached. This will be a discussion item for the September 13th quarterly meeting. A final vote is anticipated for the November 15th quarterly meeting.

4. ASC Hearings

- An overview of the Working Group's progress on planning the third ASC hearing will be provided. The Working Group has also started discussing and planning for the fourth hearing and an update on those discussions will be provided as well. Questions and comments from the Board will also be taken.

5. Appraiser Census/Survey

- A progress update will be given, and staff will answer Board questions.

Please feel free to reach out to me with any questions.

September 6, 2023

Briefing Agenda

Briefing and Special Meeting Agenda

Date: September 6, 2023
Time: 10:00 a.m. ET
Location: Webex – Registration Link is below.

<https://asc-gov.webex.com/weblink/register/rfcd84798e35c8da6693b4a704781c2ee>

Briefing* Topic(s)			
Opening Remarks	Chair Martinez		10:00 – 10:05
FY24 Budget Proposal	J. Park/G. Hull		10:05 – 10:45
IT Update	J. Park		10:45 – 10:50
Enforcement Rule Update	N. Lutz		10:50 – 11:00
ASC Hearings	J. Park		11:00 – 11:05
Appraiser Census/Survey	J. Park		11:05 – 11:10
Other Business	Chair Martinez/J. Park		11:10 – 11:15

*The term Briefing means informal background discussions among ASC members and staff which clarify issues and expose varying views. A Briefing is not a meeting and is closed to the public. However, a Briefing may include sessions with individuals from outside the agency where ASC members listen to a presentation and elicit information.

Special Meeting*			
Closed Session**			
Call Meeting to Order	Chair Martinez		11:15
Personnel Matter	ASC	Discussion	11:15 – 11:30

*A Meeting means the deliberations of at least four ASC members where such deliberations determine or result in the joint conduct or disposition of agency business. In addition to regular ASC Meetings, the Chairperson or at least four ASC members may call a Special Meeting. An ASC Meeting may be an Open Session or Closed Session meeting.

***Closed session means a properly noticed Meeting of the ASC that is closed to attendance by ASC members and alternates only, and any other persons requested to be in attendance by the ASC members. The ASC may meet in closed session to discuss personnel matters or Compliance Reviews prior to acting on final Compliance Review Reports.

FY24 Revised Draft Budget Proposal



Memorandum

To: Appraisal Subcommittee

From: Jim Park, Executive Director

RE: Revised Fiscal Year 2024 (FY24) Draft Budget Proposal

Date: August 26, 2023

FY23 Projected Year End Results

Total Revenue – \$12,006,140

- \$3,420,840 – Appraiser Registry Fees (after \$353,880 PAYGO deduction)
- \$8,585,300 – AMC Registry Fees

Expenses

- Operating – \$6,120,817
- Grants – \$1,626,895
- Total Expenses - \$7,747,712

Net Income – (after FY23 projected expenses) - \$4,258,428

Reserves

- Total end of FY23 Reserve – \$26,008,314
- Standing 1 Year Operating Reserve – \$7,000,000
- Cash reserve - \$19,008,314

FY24 Budget Proposal

Total Revenue – \$11,268,612

- \$3,425,625 – Appraiser Registry Fees (after \$354,375 PAYGO deduction)
- \$7,842,987 – AMC Registry Fees

Expenses

- Operating Expenses – \$6,708,294
- Appraisal Foundation Grant – \$250,000
- State Grants – \$2,025,000
- Total Expenses – \$8,983,294

Net Income - (after FY24 proposed expenses) – \$2,285,319

Reserves

- Total end of FY24 Reserve – \$28,293,633
- Standing 1 Year Operating Reserve – \$7,000,000
- Cash reserve - \$21,293,633

Revenue

For FY24, we project total revenue of \$11,268,612 (\$3.4M Appraiser Registry and \$7.8M AMC Registry). We analyzed market conditions (decline in mortgage originations, increasing interest rates, inflation, housing market forecasts, etc.) to determine our ASC Revenue projections. The FY24 Appraiser Registry fee budget amount of \$11.2M is based on the \$40 annual Appraiser Registry fee multiplied by the FY24 estimated credentials of 94,500. In FY23, the average number of appraiser credentials slightly increased to 94,368 from 93,440 in FY22. Included in the revenue projection is the PAYGO fee reduction of \$354,375.

With 48 States populating the Appraisal Management Company (AMC) Registry, FY24 revenue projections were developed by analyzing year-over-year invoicing data and calculating AMC panel utilization rates for States paying AMC Registry fees. AMC fees are based on the number of appraisers on an AMC's panel that completed an appraisal for a covered transaction performed in the previous 12 months, multiplied by \$25. Analysis of the AMC Registry data, as of July 2023, suggests that the 48 States on the AMC Registry are projected to generate roughly \$7.8M in revenue for FY24. This represents a 5% decrease over the FY23 budgeted revenue amount of \$8.3M, due to market trends (fewer covered transactions) and optimization of AMC panels. The five US territories are not participating and do not have AMC programs. Hawaii recently informed us that they will not be participating. A preliminary review has been completed for Massachusetts and determined that Massachusetts's AMC program is not compliant with Title XI.

ASC Operating Expenditures

Personnel Compensation

FY24 personnel compensation is budgeted at \$4,265,648, representing a 22% increase over the FY23 budgeted amount of \$3,495,846. The FY24 Budget Proposal adds a Senior Grants Management Specialist as the additional full-time equivalent (FTE), for a total of 21. A cost-of-living increase, included in the personnel compensation amount, of 5.2%¹ is budgeted for the \$3,068,880 projected salary expenditures.

Also included are within-grade increases for seven staff based on the dates of their projected increases.

Personnel benefits (health insurance, thrift savings plan, civil service retirement and government life insurance) are budgeted at \$1.1M, a 25% increase over FY23. The FY24 personnel benefits amount represents 37% of the total FY24 personnel compensation.

¹ Federal pay raise of 5.2% is based on the President's Budget Proposal. Source: <https://www.govexec.com/pay-benefits/2023/06/odds-52-pay-raise-feds-2024-improve-release-senate-defense-policy-bill-ndaa/387928/>

In FY24, \$46,282 is budgeted for Performance Awards (cash awards). This is consistent with OMB Guidance, with a 15% increase over the FY23 amount of \$40,250, attributable to increased staff size.

For FY24, \$15,000 is budgeted for ASC staff training including \$5,000 budgeted for grants training activities.

Travel

With travel operations returning to normal activity levels, ASC staff is proposing 221 budgeted trips for FY24 totaling \$380,029. The budgeted trips will be for State Compliance Reviews, training, meetings, and conference attendance.

Due to lower airfare costs from FY23, in FY24 we are proposing \$506 per trip representing a 28% decrease from the FY23 budgeted airfare amount of \$705.

In FY24, we are proposing lodging rates at \$135 per night based on average lodging rates for proposed travel using the lodging rates set by GSA. Based on the latest available GSA continental United States (CONUS) rates, we estimate the average per-trip cost in FY24 to be \$1,705 as compared to \$1,640 for FY22. The increase in the per trip cost is based on 1 additional night (4 to 5) plus per diem expenses for compliance reviews.

FY23 travel is projected at \$225,257 representing 69% of the \$328,638 amount budgeted.

Below is a summary of anticipated FY24 travel:

➤ State Compliance Reviews: 67 (27 States)

Since the first draft budget presentation we have added 2 Reviews VT was moved to the FY24 schedule because of flooding that closed the office during the FY23 scheduled Review and because of an ASC staff member medical emergency, the SD Review was rescheduled to FY24.

➤ Follow-up Reviews: 9 (6 States)

Based on historical data from appraiser program Compliance Reviews and the addition of the AMC programs, this is a calculated number of Follow-up Reviews as a place holder. Compliance Reviews are resuming after 3+ years, there are no pre-scheduled Follow-up Reviews at this time. Staff anticipates after the 2023 Compliance Reviews are completed there will be a need for Follow-up Reviews in 2024. The Policy Manager assigned to the State conducts the Follow-up Review. Depending on the severity and number of issues, the Deputy Executive Director may also attend. Most Follow-up Reviews are held in person, however, depending on the issue and the States actions, a Follow-up Review may be held virtually.

➤ **Priority Contacts/Early Warning System (EWS): 6**

There are 5 States (IL, FL, PA, MI, and CO) with large populations of credentialed appraisers that are scheduled for an on-site or off-site Priority Contact (PC) in FY24. A PC is designed for risk management purposes for when a State's program has a significant impact on the nation's appraiser regulatory system. The primary purpose of the contact is to review topical issues, evaluate overall compliance issues, and maintain a close working relationship with the State. Decisions of which States will be on-site vs. off-site are made depending on the State's most current Compliance Review as well as other factors gathered throughout the year. Historically about half of the large States identified will be conducted off-site. Both on- and off-site visits are conducted by the assigned Policy Manager. Other PC or EWS visits are determined throughout the year for other concerns.

State Compliance Reviews, Follow-up Reviews, EWS and PCs are part of the ASC's oversight of State Appraiser Regulatory Agencies under Title XI. These align with projected Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs.

➤ **Conferences: 1 All-Staff meeting and 2 AARO Conferences**

ASC staff plan on 1 all staff meeting per year. In addition, the staff has virtual all (available) staff meetings weekly.

The in-person All-Staff meeting is scheduled to take advantage of a lower cost venue. As an example, the FY23 venue is in Colorado Springs, CO where 3 staff members will not need airfare and 1 will not need hotel accommodations. In addition, the meeting space is located at the University of Colorado where it will be free since Jim Park is an alumnus.

All-Staff meetings are important for morale building, planning and staff cohesion. KL Scott recommends we have two all-staff meetings every year. We are only planning one at this point. This is another reason we bring a significant number of staff to AARO meetings. These align with projected Strategic Goal 4: Increase agency's ability to attract and retain a diverse talent pool.

Historically we calculate on the high side for staff attendance at the 2 AARO Conferences. Decisions on staff attendance are made once agendas are available and considering staff availability. Often there are multiple sessions presented at one time. Usually there are requests for presentations by ASC staff that can cover any aspect of our Title XI charge, such as Compliance Reviews, ASC Policy Statements, how States are to implement changes in the Criteria or new procedures, AMC requirements, IT and National Registry information and Grants. Since the first budget draft was provided, AARO sent a tentative schedule for the fall conference to be held in Salt Lake City, Utah. Based on the tentative schedule and the need for some staff to conduct a rescheduled Compliance Review the attendance number has been lowered for the fall conference to 8.

The Spring meeting will be held in Nashville, TN, however there is not an agenda at this time.

Attendance at the AARO conferences helps meet the mission of the ASC and is a great opportunity for ASC staff to interact with the State personnel and provide technical assistance outside of a Compliance Review. It is also important to be available to answer questions that come up during presentations and break-out sessions. Important information and clarification can be shared with 35-40 States at one time.

ASC staff gain insight into what States are dealing with, what questions they have and other information that help staff in planning technical assistance, possible enhancements to IT, grants, and the overall monitoring of the States. Attendance and participation with AARO meetings align with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry and projected Strategic Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs.

➤ **Appraisal Foundation Meetings (ASB, AQB, TAFAC, IAC and BOT): 8**

Attendance at the Appraisal Foundation (TAF) meetings are part of the mission of the ASC to monitor and review TAF under Title XI, two staff go on these trips as part of the monitoring and review of TAF. The staff that attend are usually Ada Bohorfoush and either Denise Graves or Jim Park. There are typically 2 BOT meetings each year, with multiple sessions given at one time. The Fall meeting will be held in Palm Springs, CA and the Spring meeting has not been announced at this time.

TAFAC and IAC meetings are sometimes held together, however the registration was just released for the fall meetings, and they will be held on different dates in DC and Arlington, VA, respectively. Therefore, two additional meetings have been added since the first budget draft. The Spring meetings have not been announced.

Other than the virtual public meetings, the ASB and AQB typically meet for in-person work sessions 2-3 times each year. One meeting each for Appraisal Standards Board (ASB) and Appraiser Qualifications Board (AQB) are in the budget as a placeholder. The ASC Board has asked TAF about allowing ASC staff to attend ASB and AQB to closed work sessions again as part of the ASC's required monitoring and review of TAF under Title XI. In addition, these align with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry.

➤ **Training/Information: 7 (Onboarding of new staff)**

Travel for the onboarding of new staff to fill 3 vacant positions, 3 new positions, and 1 proposed position. We are hoping to onboard the two Program Manager positions (formally RAS and Policy Manager) at the same time.

All onboarding of new staff is scheduled to meet in person, in the DC area as well as some virtually. This allows the new staff to pick up and set up needed equipment like laptops and cell phones and includes hands-on training. An orientation on the agency and

position expectations is provided at this time as well as the required ethics training. Staff in-person and virtual attendance depend on the needs for the particular position. Usually, the Executive Director (2 days), the Deputy Executive Director (3 days) and the IT Project Manager and Management and Program Analyst (½ day each) attend in person with the new employee. Other staff may attend virtually as needed. These align with projected Strategic Goal 4: Increase agency's ability to attract and retain a diverse talent pool.

➤ **Industry Meetings: 2**

Industry meetings are attended because of either a request for a speaker or because of the agenda topics. As an example, the Association of Real Estate License Law Officials (ARELLO) includes State appraiser regulatory officials, some of those officials do not attend AARO Conferences. Staff attendance is based on the meeting agenda, and if a presentation has been requested. Staff attendance is determined by appropriate staff availability and is usually senior staff or a Policy Manager depending on the needs. These align with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry.

➤ **Technical assistance training: 9**

Technical assistance for States is budgeted for 3 trips with up to 4 staff for attendance and/or participation to provide technical assistance in training of State appraiser regulatory staff. Staff attendance will be determined by appropriate staff availability. These are usually conducted by Policy Managers. These align with projected Strategic Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs.

Technical assistance for grants is budgeted for 6 trips. ASC has 9 grants eligible for closeout and the anticipation of a new round of funding to be rolled out in FY24. These trips would consist of a Grants Office staff member traveling to the ASC Grant recipient/applicant to provide onsite training and/or technical assistance for topics like grant closeout, application development, grant administration training, and grant monitoring.

Technical assistance meetings for both the State and Grants programs are essential in getting information out to the State Programs, answering questions, and helping States be compliant. These align with projected Strategic Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs.

➤ **Speaking Engagements: 8**

Speaking engagement attendance is based on the requested presentation and appropriate staff availability, usually one senior staff or a Policy Manager is the presenter. These align with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry.

- **Additional Staff Travel** – Senior Management DC Travel: 18 (6 trips with 3 staff).

ASC staff is all remote, some meetings are optimized by meeting in person. When the ASC Board decided to make the agency fully remote, it was analyzed very carefully and determined that there would need to be in-person meetings held and it still would be cheaper than paying monthly rent in DC (approximately \$250,000/year). These meetings include meetings such as ASC Hearings, FFIEC meetings, and senior staff planning such as strategic planning. These align with projected Strategic Goal 4: Increase agency's ability to attract and retain a diverse talent pool.

For FY24, \$3,155 is proposed for car rentals for compliance reviews and local travel.

Rent, Communications and Utilities

\$77,159 is budgeted for FY24 total rent, communications, and utilities. This represents an 8% increase over the FY23 budget of \$71,336.

\$9,155 in temporary office space lease for meetings.

\$46,200 in mobile phone service charges are budgeted due to the increase in staff size. This represents a 9% increase over the FY23 amount of \$42,300.

\$17,145 is budgeted for WestLaw, the legal research tools service. This exceeds the FY23 amount of \$16,240 by 6% due to the increase in agency legal staff.

\$4,660 is budgeted for the off-site storage unit containing older historical and miscellaneous files that will eventually be destroyed. The storage unit is also used to store miscellaneous computer and IT equipment that may be re-used or eventually excessed or e-cycled.

Printing and Reproduction

\$38,330 is budgeted in FY24 for printing and reproduction expenses. This represents an 8.6% decrease of the FY23 printing and reproduction costs at \$41,920. We are again proposing \$25,000 for *Federal Register* printing expenses. \$13,330 is budgeted for printing and copying expenses including \$12,330 for printing and layout of the ASC Annual Report and \$1,000 for copying and associated shipping services.

Contracted Services

\$481,035 is budgeted in FY24 for GSA/OPM services with \$147,943 for GSA payroll, human resources support and financial systems services and \$50,000 for OPM support for hiring

services. The FY23 budgeted amount for GSA/OPM services was \$154,952. In FY24, \$250,000 is budgeted for Technology Transformation Services (TTS) and \$33,092 for Contracting Officer (1/4-time FTE detail) support services.

The ASC has made strides toward building a more robust staff focusing on succession planning, more redundancies and increased technical expertise. To continue assessment of operating efficiencies, organizational structure, and best practices, \$42,000 was budgeted in FY23. This included assistance with development of the FY2024-2028 ASC Strategic Plan. The first half of the organizational review was completed in FY23. For FY24, we are budgeting \$75,000 for the Organizational Review follow-up which will include a succession plan, a job analysis, a staff time study and the FY24 Operating Plan.

\$41,195 is budgeted for the cost of the ASC annual audit, representing a 7% increase over the FY23 amount of \$38,500.

For FY24, \$12,000 is budgeted for annual subscription service and support of the Enterprise Resource Planning/Accounting system along with \$50,000 for contracted accounting support.

\$11,290 is budgeted for the Federal Docket Management System (FDMS) to support the maintenance and operation of the eRulemaking system. This is a government-wide shared service that allows partner agencies to publish online all the information they need to publish in the Federal Register, pursuant to the Administrative Procedures Act. FDMS also accepts public comments electronically via Regulations.gov and allows electronic docketing and retention of public comments.

For FY24, \$235,000 is budgeted for ASC Grant Management Office support. Since the permanent grants management specialist position approved by the Board in June 2023 will not be onboarded and trained by October 1, \$135,000 is proposed for contract grants staff support. As permanent staff onboards and is trained, we will wean off the contract staff support. \$25,000 is proposed for the completion of the ASC Grants Standard Operating Procedures (SOPs) that started to be developed in FY23 by IBS Government Services in collaboration with the new ASC Grants Director and Finance Manager. By the end of FY24, we hope to review the draft SOPs with the new General Counsel so they can be finalized. The goal is to have SOPs for the following processes 1) Pre-Award, 2) Award, 3) Amendment, and 4) Closeout. \$75,000 is proposed for work needed to onboard a new ASC electronic Grants Management System (eGMS) software program. While the plan is to use a commercial-off-the-shelf (COTS) product, this funding will be used to conduct a needs assessment, ensure the selected system is 1) compatible with the current ASC accounting system, 2) meets all ASC IT requirements, and 3) covers costs associated with any licensing or onboarding fees associated with the selected grants software system. We anticipate TTS will be assisting with these activities.

\$163,840 is proposed to cover the costs of administering one, in-person, investigator training course developed by the Council for Licensure, Enforcement and Regulation (CLEAR). A series of three training sessions, averaging \$54,613 per training will cover expenses for

instructor/consultant fees, travel for 30 attendees (State Regulatory Officials), room rentals, course materials, administrative fees, etc.

\$200,000 is again budgeted in FY24 for strategic communications services to promote the ASC objectives in accordance with the agency's Strategic Plan. This service provides support for strategic planning, media/press releases and ASC messaging. In FY23, \$200,000 was also budgeted for this service.

IT Services

Effective June 1, 2023 the ASC entered a firm-fixed-price (FFP), one-year contract (June 1, 2023 – May 31, 2024) with a different IT services vendor. The total amount obligated for this contract is \$1,124,341. The five Contract Line Item Numbers (CLINs) on this task order are CLIN 001 (Computer Program Svcs) - \$496,661; CLIN 002 (Computer Program Svcs) - \$596,000; CLIN 003 (Travel) - \$2,000; CLIN 004 (ODCs) - \$8,000; CLIN 005 (Contract Access Fee) \$21,680. Since the ASC is a no-year funded agency, we will keep this obligation open beyond September 30, 2023 extending through the contract end date of May 31, 2024; therefore, expenses will cross fiscal years for this funding obligation.

Staff plans to utilize the available funds totaling \$596,000 to facilitate initial project cost. Projects previously discussed such as Drupal environment upgrades which were to be funded as T&M projects are being covered via the FFP portion of the contract, freeing up the \$596,000 for network redevelopment. Staff expects project proposals in the late September early October timeframe. All major project proposals will be reviewed by GSA TTS and brought to the Board should additional funding be required.

FY24 IT Services

IT Contracted Services are estimated at \$229,337:

- \$40,500 for enhanced website hosting & internet connectivity
- \$5,100 for Domain Name Service (DNS)
- \$2,000 for back-up and recovery service
- \$2,000 for web-based anti-virus/malware
- \$3,500 for firewall service
- \$165,555 for IT contractor firm-fixed price labor to complete FY23 budgeted CLIN 001 allowing a continuation of service thru FY24 via a long-term contract
- \$667 for travel (CLIN 003)
- \$2,667 for Other Direct Costs (CLIN 004)
- \$7,348 for Contract Access Fee (CLIN 005)

License Renewals are estimated at \$32,950:

- \$18,000 for renewal of Office 365 licenses (covers additional staff and associated help desk services)
- \$450 for GSA-provided dot.gov domain name registration
- \$300 for Lynda online tutorial training
- \$5,000 for Adobe software
- \$5,700 for Zoom.Gov
- \$3,500 for Webex

Miscellaneous IT:

- \$10,000 for network equipment (firewalls, switches, and server extended warranties)

Supplies

In FY24, the budgeted proposed amount of \$37,448 includes laptop computers and peripherals (e.g., printers, monitors, keyboards, docking stations, warranties, misc. laptop equipment, etc.), expenses for four new staff along with office furniture, cellphones, and office supplies for all ASC staff.

Miscellaneous Expenditures

For FY24, \$20,350 is budgeted to cover conference registrations, AARO conference fees including (8 for the Fall conference and up to 10 for the Spring conference), ARELLO Conference fees (one person), Valuation Expo Conference fees and Collateral Risk Network Conference fees (one person each). Also covered under the FY24 Miscellaneous Expenditures line item are costs for Personal Identity Verification (PIV) service, trade publication subscriptions, bar dues, and UPS shipping.

Federal Grants

For FY24, a total of \$2,275,000 is budgeted for ASC grant awards.

State Grants (\$2,025,000)

\$75,000 is budgeted for continuation awards to t Connecticut, Vermont and Montana. \$1,950,000 is budgeted for the new round of grant awards to the States. The last round of State Grants funded 15 States. We anticipate the number of applicants to double (30 States) at an average of \$65,000 for the initial year.

TAF Grant (\$250,000)

\$250,000 is budgeted as a nominal amount to re-initiate grant awards to The Appraisal Foundation, to defray the grant-eligible expenses of the AQB and ASB.

Training/Technical Assistance Cooperative Agreements (\$0)

We are not requesting funding for this line item. CLEAR received their final year 3 award which expires on September 30, 2023. We approved a no cost period of performance (POP) extension to March 31, 2024. This will allow them the time needed to complete the two remaining projects which are 1) the appraisal profession survey project and 2) development of the Investigator II training. In consultation with legal staff, it was determined that future activities should be contracted, not awarded a grant.

Depreciation

In FY24, \$342,684 is projected for the depreciation expense of the ASC website. The final capitalized cost of the ASC was \$1,028,844 with a useful life of 3 years.

Sequestration

Based on the OMB Report to the Congress on the Balanced Budget and Emergency Deficit Control Act, as amended, sequestration for FY24 remains at 5.7% of available cash receipts. The application of this amount would establish \$662,510 of sequestered funds becoming available in FY25.

Attachments:

FY24 Proposed Budget Spreadsheet

ASC Org Chart 2020-2024

GS-13/14 Grants Management Specialist Position Descriptions

Attachment One

FY24 Revised Draft Budget

Attachment Two
ASC Proposed Org Chart
2020-2024



ASC Board

Executive Director
J. Park SL

COMPLIANCE OFFICE
Deputy Executive Director
D. Graves GS 15

GENERAL COUNSEL OFFICE
General Counsel
R. McGuire GS 15

GRANTS OFFICE
Grants Director
R. Frederique GS 15

Financial Manager
G. Hull GS 14

IT Project Manager
B. Kelly GS 14

Compliance Manager (FY23)
Approved GS 14

Policy Manager
J. Tidwell GS 14

Policy Manager
N. Fenchietti GS 14

Policy Manager
K. Klamet GS 14

Policy Manager
Vacant GS 13-14

Policy Manager
M. Brown GS 14

Policy Manager (FY22)
T. Lewis GS 14

Attorney Advisor
A. Bohorfoush GS 14

Attorney Advisor (FY22)
Vacant GS 14

Attorney Advisor (FY22)
N. Lutz GS 14

Management Analyst
L. Schuster GS 13

Program Manager/RAS
Vacant GS 11-12

Administrative Assistant (FY23)
Approved GS 9

Sr. Grants Mgt Specialist (FY24)
Proposed GS 13-14

Grants Mgt Specialist (FY23)
Approved GS 12-13

- No New Positions FY20-FY21
- FY22 New Positions
- FY23 New Positions
- FY 24 Proposed Position

Attachment Three
GS-13 Grants Management Specialist
Position Description

POSITION DESCRIPTION <i>(Please Read Instructions on the Back)</i>										1. Agency Position No.	
2. Reason for Submission <input type="checkbox"/> Redescription <input checked="" type="checkbox"/> New <input type="checkbox"/> Reestablishment <input type="checkbox"/> Other		3. Service <input checked="" type="checkbox"/> Hdqtrs <input type="checkbox"/> Field		4. Employing Office Location Natinwide		5. Duty Station Nationwide		6. OPM Certification No.			
Explanation <i>(Show any positions replaced)</i>				7. Fair Labor Standards Act <input checked="" type="checkbox"/> Exempt <input type="checkbox"/> Nonexempt		8. Financial Statements Required <input type="checkbox"/> Executive Personnel Financial Disclosure <input checked="" type="checkbox"/> Employment and Financial Interest		9. Subject to IA Action <input type="checkbox"/> Yes <input type="checkbox"/> No			
				10. Position Status <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Excepted <i>(Specify in Remarks)</i> <input type="checkbox"/> SES (Gen.) <input type="checkbox"/> SES (CR)		11. Position Is <input type="checkbox"/> Supervisory <input type="checkbox"/> Managerial <input checked="" type="checkbox"/> Neither		12. Sensitivity <input type="checkbox"/> 1--Non-Sensitive <input type="checkbox"/> 3--Critical <input checked="" type="checkbox"/> 2--Noncritical Sensitive <input type="checkbox"/> 4--Special Sensitive		13. Competitive Level Code 1109	
15. Classified/Graded by		Official Title of Position				Pay Plan	Occupational Code	Grade	Initials	Date	
a. Office of Personnel Management											
b. Department, Agency or Establishment		Grants Management Specialist				GS	1109	13	CO	03/20/2023	
c. Second Level Review											
d. First Level Review											
e. Recommended by Supervisor or Initiating Office											
16. Organizational Title of Position <i>(if different from official title)</i> Appraisal Subcommittee of the FFIEC						17. Name of Employee <i>(if vacant, specify)</i>					
18. Department, Agency, or Establishment						c. Third Subdivision					
a. First Subdivision						d. Fourth Subdivision					
b. Second Subdivision						e. Fifth Subdivision					
19. Employee Review-This is an accurate description of the major duties and responsibilities of my position.						Signature of Employee <i>(optional)</i>					
20. Supervisory Certification. <i>I certify that this is an accurate statement of the major duties and responsibilities of this position and its organizational relationships, and that the position is necessary to carry out Government functions for which I am responsible. This certification is made with the knowledge that</i>						<i>this information is to be used for statutory purposes relating to appointment and payment of public funds, and that false or misleading statements may constitute violations of such statutes or their implementing regulations.</i>					
a. Typed Name and Title of Immediate Supervisor Regeane (Rae) Frederique Grants Management Specialist						b. Typed Name and Title of Higher-Level Supervisor or Manager <i>(optional)</i> James R. Park Executive Director					
Signature Regeane Frederique			Digitally signed by Regeane Frederique Date: 2023.04.12 09:52:12 -04'00'			Signature James R. Park			Digitally signed by James R. Park Date: 2023.03.20 16:13:24 -04'00'		
21. Classification/Job Grading Certification. <i>I certify that this position has been classified/graded as required by Title 5, U.S. Code, in conformance with standards published by the U.S. Office of Personnel Management or, if no published standards apply directly, consistently with the most applicable published standards.</i>						22. Position Classification Standards Used in Classifying/Grading Position Grants Management Series, 1109 November 2010 Contracting Series, GS-1102 TS-71 December 1983					
Typed Name and Title of Official Taking Action Shanita Blake Director, Commissions and Boards Office						Information for Employees. The standards, and information on their application, are available in the personnel office. The classification of the position may be reviewed and corrected by the agency or the U.S. Office of Personnel Management. Information on classification/job grading appeals, and complaints on exemption from FLSA, is available from the personnel office or the U.S. Office of Personnel Management.					
Signature SHANITA BLAKE			Digitally signed by SHANITA BLAKE Date: 2023.03.21 10:25:57 -04'00'								
23. Position Review		Initials	Date	Initials	Date	Initials	Date	Initials	Date	Initials	Date
a. Employee <i>(optional)</i>											
b. Supervisor											
c. Classifier											
24. Remarks The Full Performance Level is GS-13 This position is telework eligible.											
25. Description of Major Duties and Responsibilities <i>(See Attached)</i>											

Position Tracking Number:

Series, Title, and Grade: 1109, Grants Management Specialist, GS-13

Department: Appraisal Subcommittee of the FFIEC

Introduction:

This position is located with the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council. As the ASC Grants Management Specialist, the incumbent will assist in the administration of the ASC Grants Program pursuant to the ASC Grants Handbook and other relevant ASC policies and procedures to include the 2 CFR 200 Uniform Administrative Requirements, Cost Principles, And Audit Requirements For Federal Awards (aka Super Circular).

The incumbent also performs grants management work that includes implementing and managing the federal grants and cooperative agreements (CA) and providing related technical assistance and services.

Major Duties:

Duties include one or more of the following:

Awarding and administering grants, CAs, or other related instruments; designing, developing, implementing, and interpreting grants/assistance management policies, procedures, and practices; providing training, technical assistance, oversight, ethics advice, expertise, and consultation to program officials, awardees, review panels, applicants, recipients, and subrecipients as needed.

Reviewing and evaluating adequacy of grants/assistance policies and procedures; serving as liaison between the Government and awardee organization; determining awardee eligibility using formulas, methodology and established eligibility criteria, such as competitive rating factors; announcing programs and soliciting applications or proposals for funding under assistance awards; overseeing, reviewing, analyzing, and evaluating grants/assistance applications, plans, and estimates; negotiating terms and conditions of grants/assistance awards to include costs, schedules, and oversight responsibilities.

Preparing, processing, issuing, and tracking grants/assistance awards and compliance with reporting requirements; conducting program evaluation, including monitoring and assessing awardee performance, and establishing performance measures; monitoring, assessing, and ensuring awardee complies with all terms and conditions of award; initiating and/or recommending that an audit be performed.

Conducting resolution of audit findings or monitoring audit resolution in partnership with resolution officials; conducting post-award reviews and analyses to identify management, financial, and administrative issues; ensuring recipients of Federal funds comply with Government's environmental and other requirements; initiating, planning, and conducting surveys and studies to recommend changes to policies, procedures, and regulations.

Liaison with external customers, recipients, and awardee community to clarify, interpret, and resolve issues; cooperating and liaison with various Federal agencies, organizations, and academic institutions in

developing, reviewing, and evaluating the impact of new statutory regulations; conducting risk assessments and business reviews.

Recommends or initiates appropriate action to protect Government interests; performing final review of completed awards, making appropriate adjustments or disallowances, processing close-outs; and ensuring compliance with all regulatory and legal requirements.

Develops funding notices, reviewing grant proposals, State plans, and State certifications, providing technical assistance and oversight of all grants and cooperative agreements. Develops guidance and instructions so there are adequate explanations and instructions to ensure effective program processes. Develops program requirements and recommends selection and implementation of new grant management business processes.

Works in a cooperative manner with ASC officials and State and other recipients to encourage sound grant administration and to enforce program, financial, and federal grant compliance with the provisions of the Super Circular, all relevant ASC policies and procedures, and recipient agreements and plans.

Review grant applications, for completeness, evaluate grant applicant's eligibility using established financial, administrative, business and negotiation procedures (including but not limited to formulas, methodology, eligibility criteria).

Analyzes information and recommends actions for resolution of conventional problems or issues. Negotiates terms and conditions of grant awards, such as plans, estimates, cost schedules and oversight responsibilities.

Prepares the final award package to include award letter, agreement, articles and special conditions, and works with ASC Financial Manager and other ASC staff with the established process to ensure funds are obligated in the appropriate systems.

Reviews and processes requests for amendments throughout the period of performance (POP), requests for extensions, signatory or point of contact (POC) changes, budget changes, de-obligating funds and/or awarding additional funds.

Coordinates reviews and closes out grants with appropriate ASC staff and grant recipient officials. Resolves grant-related problems or issues and makes well-reasoned, timely recommendations or decisions. Ensures final files are properly archived.

Maintains and analyzes data collected from States for use in various analytical studies and research projects. Create reports and spreadsheets to be used by staff as needed.

Analyzes recipient reports (financial and program reports), identifying potential trends and patterns, and contributes to the development of various reports for appropriate staff (i.e., financial, performance management, and other required reports).

As the result of bi-annual review findings, contacts recipients to resolve any issues, or late, incomplete, or inaccurate reporting issues. Initiates appropriate actions, as necessary, to ensure government interests are protected. Responds to stakeholders' participation in and support of ASC grant programs through outreach,

partnership development and on-going communication. Works with external customers and recipients to clarify, interpret, and resolve questions or difficult issues.

Conducts final review of completed awards, making appropriate adjustments/disallowances, and closing ASC grant and cooperative agreement awards. Ensures full compliance with all regulatory and legal requirements.

Establishes and maintains liaison with State and Federal agencies, private foundations, Institutions of higher education and others on matters related to grant programs and anticipated outcomes associated with ASC's grants portfolio.

Performs audits to measure grantee performance and compliance; resolves findings and tracks status of audit reports. Develops federal grants management policies and internal controls on the uses of ASC grant funds; prepares special reports and presentations.

Works with the Grants Director and ASC staff to provide regular, timely, and accurate information. Supports the Grants Director/Team in maintaining the organization's focus on its strategic plan.

As an experienced Grants Management Specialist, participates in management discussions, meetings, committees, or special projects. Presents clear, concise, and well-structured presentations that address the designated issue including long-range projections and current operating conflicts requiring persuasive discussion with responsible members or managers in meetings or working groups. Maintains currency in the appropriate developments of customer related grants management techniques.

Prepares and reviews plans and specifications to ensure adequate analysis and justification of requirements. Analyzes processes and/or problems relative to the execution of new procedures and recommends modifications, as needed.

Performs other duties, as assigned.

Factor Levels

Factor 1, Knowledge Required by the Position, FL 1-8, 1550 points

Mastery of grants/financial assistance principles and policies; Federal statutes pertaining to grants; grant policies and directives; Office of Management and Budget (OMB) circulars; and authorizing legislation and appropriation statutes.

Expert knowledge and skill with a wide range of business aspects of grant mechanisms including grant regulations, principles of cost planning, negotiation techniques; pre-award, award, and post-award requirements; grant administration and termination; price/cost techniques; and forecasting problems.

Expert knowledge of grant mechanisms and techniques including cost sharing arrangements, processing of unsolicited applications, multiple awards, co-funding, and special provisions such as proprietary rights, rights-in-data, publication rights, and use of human subjects and animals.

Extensive knowledge of automated acquisition/financial and administrative systems and skill in operating automated systems and software.

Ability to analyze and resolve complex problems in the absence of precedents.

Ability to design, implement, and evaluate new procedures.

Ability to work effectively with program and grantee staff in an overall team approach to obtain mutual goals; to resolve complex problems; and to serve as an authoritative source for interpreting and applying rules, regulations, and procedures.

Skill in written and verbal communication.

Factor 2, Supervisory Controls, FL 2-4, 450 points

The Grants Management Specialist reports to the ASC Grants Director or designee. The supervisor assigns work in terms of overall projects. The incumbent, in consultation with the supervisor, develops priorities and critical project deadlines. Some plans are submitted to higher authority for approval as in accordance with regulation (e.g. higher approval required based on dollar amount involved). Independently carries out all aspects of work. Informs supervisor/higher level officials about controversial or sensitive issues. Completed work is reviewed for effectiveness in meeting requirements and for conformance with policies and procedures.

Factor 3, Guidelines, FL 3-4, 450 points

Guidelines include numerous Federal laws and regulations, Executive Orders, (ASC) policies and precedents, and decisions of Comptroller General and Federal Courts. Guidelines are often inadequate in dealing with problems and therefore require a significant degree of interpretation. Experienced judgment, initiative and resourcefulness are exercised. The incumbent refines or develops operational and procedural guidelines for the agency.

Factor 4, Complexity, FL 4-5, 325 points

The work involves varied duties requiring many different and unrelated fiscal, administrative and problem-solving processes. Devises new methods and techniques and establishes policy. The work requires expertise in the pre- and post-award areas of grants/financial assistance assignments. Work is characterized by refining work methods and developing new techniques. Resolves difficult problems and issues requiring exceptions rather than standard operating procedures and analyzes specific issues. Work requires extensive knowledge of a variety of research programs relating to the (ASC) and the weighing and balancing of conflicting objectives.

Factor 5, Scope and Effect, FL 5-4, 225 points

The purpose of the work is to provide seasoned knowledge as a specialist to the award, administration, and close-out of a complex portfolio of grants. This includes furnishing advanced advisory services, analyzing and resolving problems, and interpreting complex financial and administrative data. The work affects the plans, goals, and effectiveness of accomplishing programmatic goals and the agency's overall mission.

Factors 6/7, Personal Contacts/Purpose of Contacts, FL 6-3/7cd, 180 points

Personal contacts include a variety of specialists, managers, officials or groups from inside and outside the employing agency in a moderately unstructured setting, and the extent of each contact is usually different, and the role and authority of each party is identified and developed during the course of the contact.

The purpose and extent of each contact is usually well defined with various parties working toward mutual goals. Contacts are commonly used to plan and coordinate work efforts, exchange information, and resolve routine problems. The employee must be a skillful communicator to ensure a common understanding of problems and goals and to arrive at an acceptable solution.

Factor 8, Physical Demands, FL 8-1, 5 points

Work is sedentary. Typically, the incumbent sits comfortably to do the work. There may be some walking, standing, bending, carrying of light items, or driving an automobile. No special physical demands are required to do the work.

Factor 9, Work Environment, FL 9-1, 5 points

The environment involves everyday risks or discomforts that require normal safety precautions typical of such places as offices, meeting and training rooms, libraries, or commercial vehicles. Travel is required.

Total Points: 3190

Point Range: 3155 – 3600 = GS-13

FLSA Evaluation:

Learned Professional Exemption

Met - The base pay exceeds the minimum salary threshold of \$35,568; AND Met - The primary duty this position involves the performance of work requiring advanced knowledge in a field of science or learning that is customarily acquired through a prolonged course of specialized intellectual instruction, as those terms are defined in 5 CFR 551.208(a); AND Met - The work is predominantly intellectual in character and includes work that requires the consistent exercise of discretion and judgment, as opposed to routine mental, manual, mechanical, or physical work. The advanced knowledge required by the work cannot be attained at the high school level; AND Met - The employee in this position spends more than 50% of his/her work time performing the work indicated above.

Conclusion: Exempt

OPM Classification Standards Used:

Grants Management Series, 1109 November 2010
Contracting Series, GS-1102 TS-71 December 1983

Attachment Four
GS-14 Grants Management Specialist
Position Description

POSITION DESCRIPTION (Please Read Instructions on the Back)

1. Agency Position No.
AS-38

2. Reason for Submission <input checked="" type="checkbox"/> Redescription <input type="checkbox"/> New <input type="checkbox"/> Reestablishment <input type="checkbox"/> Other	3. Service <input type="checkbox"/> Hdqtrs <input type="checkbox"/> Field	4. Employing Office Location Washington, DC	5. Duty Station Remote	6. OPM Certification No.
Explanation (Show any positions replaced) Position amended to change to GS-14/15 from GS-15.		7. Fair Labor Standards Act <input checked="" type="checkbox"/> Exempt <input type="checkbox"/> Nonexempt	8. Financial Statements Required <input checked="" type="checkbox"/> Executive Personnel Financial Disclosure <input type="checkbox"/> Employment and Financial Interest	9. Subject to IA Action <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
10. Position Status <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Excepted (Specify in Remarks) <input type="checkbox"/> SES (Gen.) <input type="checkbox"/> SES (CR)		11. Position Is <input type="checkbox"/> Supervisory <input type="checkbox"/> Managerial <input checked="" type="checkbox"/> Neither	12. Sensitivity <input checked="" type="checkbox"/> 1--Non-Sensitive <input type="checkbox"/> 3--Critical <input type="checkbox"/> 2--Noncritical Sensitive <input type="checkbox"/> 4--Special Sensitive	13. Competitive Level Code N001
14. Agency Use				



15. Classified/Graded by	Official Title of Position	Pay Plan	Occupational Code	Grade	Initials	Date
a. Office of Personnel Management						
b. Department, Agency or Establishment	Grants Management Specialist	GS	1109	14		
c. Second Level Review						
d. First Level Review						
e. Recommended by Supervisor or Initiating Office						

16. Organizational Title of Position (if different from official title)
Grants Director

17. Name of Employee (if vacant, specify)
Vacant


18. Department, Agency, or Establishment Federal Financial Institutions Examination Council (ASC)	c. Third Subdivision
a. First Subdivision Appraisal Subcommittee	d. Fourth Subdivision
b. Second Subdivision	e. Fifth Subdivision
19. Employee Review-This is an accurate description of the major duties and responsibilities of my position.	Signature of Employee (optional)

20. **Supervisory Certification.** I certify that this is an accurate statement of the major duties and responsibilities of this position and its organizational relationships, and that the position is necessary to carry out Government functions for which I am responsible. This certification is made with the knowledge that this information is to be used for statutory purposes relating to appointment and payment of public funds, and that false or misleading statements may constitute violations of such statutes or their implementing regulations.

a. Typed Name and Title of Immediate Supervisor James R. Park Executive Director	b. Typed Name and Title of Higher-Level Supervisor or Manager (optional) Denise E. Graves Deputy Executive Director
Signature 	Signature 
Date 6/15/22	Date 06/13/2022

21. **Classification/Job Grading Certification.** I certify that this position has been classified/graded as required by Title 5, U.S. Code, in conformance with standards published by the U.S. Office of Personnel Management or, if no published standards apply directly, consistently with the most applicable published standards.

22. Position Classification Standards Used in Classifying/Grading Position
OPM, Position Classification Flysheet for Grants Management Series, GS-1109, Nov 2010; Contracting Series, GS-1102, Dec 1983

Typed Name and Title of Official Taking Action Shanita Blake Director, Commissions and Boards HR	Information for Employees. The standards, and information on their application, are available in the personnel office. The classification of the position may be reviewed and corrected by the agency or the U.S. Office of Personnel Management. Information on classification/job grading appeals, and complaints on exemption from FLSA, is available from the personnel office or the U.S. Office of Personnel Management.
Signature 	
Date 7/7/22	

23. Position Review	Initials	Date	Initials	Date	Initials	Date	Initials	Date	Initials	Date
a. Employee (optional)										
b. Supervisor										
c. Classifier										

24. Remarks
The Full Performance Level = GS-1109-15

25. Description of Major Duties and Responsibilities (See Attached)

Grants Management Specialist, GS-1109-14/15 Position Description

Introduction:

This position is located with the Appraisal Subcommittee (ASC) of the Federal Financial Institutions Examination Council. As the ASC Grants Management Specialist (Grants Director), the incumbent will oversee and administer the ASC Grants Program pursuant to the ASC Grants Handbook. The Grants Director reports to the ASC Executive Director or Deputy Executive Director.

The incumbent manages all aspects of the award, oversight, and closing of ASC grants and the supervision of staff. The incumbent provides expert advice and guidance related to Federal grants management, helps resolve complex issues related to the financial and administrative characteristics of grant programs, and coordinates with other staff of the ASC as applicable.

The incumbent will develop an integrated system of reporting grant management information, which will furnish timely data to be used for evaluation and control of operations. The incumbent advises the ASC and its Board on all aspects of the grant process.

Major Duties

Statement of Differences is classified at less than the full performance level for recruitment and training purposes. In this developmental period, the incumbent receives tailored instruction, guidance, training, and supervision designed to provide the knowledge and skills necessary for successful performance at the full performance level/target position. Supervision becomes progressively less detailed as incumbent gains more experience. The incumbent performs similar duties as documented in the Grants Management Specialist GS-1109-15 position.

Grants Program planning, implementation and evaluation

- Manages the overall operations of the ASC Grants Program. This includes establishing program goals, objectives, measures and budgets, and directing projects.
- Develops and manages a professional grants management process for ASC that includes development of funding notices, reviewing grant proposals, State plans, and State certifications, providing technical assistance and oversight of all grants.
- Develops federal grants management policies and internal controls on the uses of ASC grant funds; prepares special reports and presentations.
- Reports regularly to the Executive Director on the performance of the organization's programs and recommends improvements in the programs as needed to strengthen the reach, impact, and effectiveness of ASC's grant-supported programming.
- Works in a cooperative manner with ASC officials and State and other recipients to encourage sound program administration and to enforce program and financial compliance with the provisions of Office of Management and Budget (OMB) guidance, ASC policies, and recipient agreements and plans.

- Encourages stakeholders' participation in and support of ASC programs through outreach, partnership development and on-going communication.
- Establishes and maintains liaison with State and Federal agencies, private foundations, Institutions of higher education and others on matters related to programs and anticipated outcomes associated with ASC's grants portfolio.
- Performs site visits to measure grantee performance and compliance; resolves findings and tracks status of audit reports.
- Develops Grants Handbook and Grants Application Process Handbook.
- Manages contract or Interagency Agreement for indirect cost rates negotiations with State government agencies.
- Oversees development of technical assistance related to programmatic and federal financial management standards for grantees.
- Collaborates with the Executive and Deputy Executive Directors, General Counsel and others to develop IT and grants-related training and programming that advances the strategic goals of the ASC.
- Presents regular program updates to the Executive Director including accomplishments, major activities, and emerging issues.
- Works with the Executive Director and ASC staff to provide regular, timely, and accurate information.
- Supports ASC engagements with Congress and OMB related to federal budgeting and appropriation process.
- Supports the Executive Director/Team in maintaining the organization's focus on its strategic plan.
- Fosters a culture that promotes teamwork and professional growth.

Manage resources, operations and infrastructure related to ASC's grantmaking program

- Assists in developing and using budgets and other reporting and benchmarking systems to ensure effective operation of the organization's grantmaking and IT programs.
- Assesses the personnel, financial and technology resources necessary to operate the organization's programs including Congressional mandates.
- Supports creation and management of information systems and other critical aspects of infrastructure that support and improve delivery effective grant-driven programming.
- Performs site visits to measure grantee performance and compliance; resolves findings and tracks status of audit reports.

Performs other duties, as assigned.

Factor 1: Knowledge Required by the Position Level 1-8 1550 points

Mastery of a professional or administrative field to generate and develop new concepts about the occupational specialty, e.g., new hypothesis and theories to resolve critical problems impacting program operations, oftentimes throughout the country.

Expert knowledge of agency programs and mission(s), within and outside his/her own area of specialization, to apply experimental theories and new developments to problems not susceptible

to treatment by accepted methods and to make decisions or recommendations significantly changing, interpreting or developing important public policies or programs.

Expert knowledge of the occupational area of specialization, its governing laws, regulations, methodologies and/or policies to provide sound and authoritative technical guidance on all issues related to the assigned program.

Demonstrated experience in increasing an organization's impact by designing and implementing grants-driven investment strategy that results in strategic projects with significant visibility and effectiveness.

Demonstrated experience in fostering and supporting organizational partnerships and working in a collaborative manner, both inter- and intra-agency.

Demonstrated understanding of how to use program evaluation and outcome measures to drive innovation and effective programming.

Inclusive leadership style, executive presence, and interpersonal skills to work with people from diverse backgrounds, skill levels and experience.

At least 15 years of grants management experience, 10 years of C suite or equivalent executive positions, including at least 10 years in senior program-related role.

Expert analytical skills, problem-solving skills and coaching/mentoring skills to apply a wide range of qualitative and/or quantitative methods for the assessment and improvement of program effectiveness.

Skill in oral communications to present sensitive recommendations to higher authority, to obtain compliance with policies from activities nationwide, to articulate positions/policy of vast technical complexity and to represent the agency on task forces.

Demonstrated ability to develop and manage cross-functional effective teams in fast-paced, complex environments.

Professional independence, ethics, and integrity.

Factor 2: Supervisory Controls

Level 2-5

650 points

The incumbent reports to the Executive Director and Deputy Executive Director. Technical assistance received is very minimal and the incumbent operates relatively independently within defined limits. The Executive Director provides administrative direction with assignments in terms of broadly defined missions or functions. The incumbent has responsibility for independently planning, designing and carrying out programs, projects, studies or other work. Results of the work are considered technically authoritative and are normally accepted without significant change. If the work should be reviewed, the review concerns such matters as fulfillment of program objectives, effect of advice and influence on the overall program or the

contribution to the advancement of technology. Recommendations for new projects and alteration of objectives usually are evaluated for such considerations as availability of funds and other resources, broad program goals or national priorities.

Factor 3: Guidelines

Level 3-5

650 points

Guidelines are broadly stated and nonspecific, e.g., broad policy statements, agency goals and/or objectives and basic legislation that require extensive interpretation. At this level, the incumbent is a recognized technical authority on the development and/or interpretation of agency guidelines, policies, legislation and regulations. Incumbent must use considerable judgment and ingenuity in interpreting the intent of the guides that do exist and in developing applications to specific areas of work. Frequently, the incumbent is recognized as a technical authority in the development and interpretation of guidelines in the field of expertise.

Factor 4: Complexity

Level 4-6

450 points

The work consists of analysis of broad programmatic functions and activities. Assignments are characterized by broad and intense efforts and involve several phases being pursued concurrently or sequentially with the support of technical, program and management personnel within and outside the organization. Studies are often of such breadth and intensity that they often require input and assistance from other analysts and subject-matter specialists in fields appropriate to the subject. Where the assistance of other personnel is required, the incumbent typically serves as the team leader responsible for assigning segments of the study to various participants, coordinating the efforts of the group and consolidating findings into a completed product, e.g., evaluation reports, proposed changes in legislation or regulations or a recommended course of action.

Specific administrative, occupational and organizational issues are largely undefined and require extensive analysis and evaluation to identify the scope of the problems and to reach decisions on appropriate courses of action. Difficulty is encountered in separating the substantive nature of the programs or issues studied into their administrative, technical, political, economic, fiscal and other components and determining the nature and magnitude of the interactions.

The work concerns areas where little or no established practices or precedents are available to assist in problems solving, where progress is difficult and where new techniques and approaches need to be devised. Work at this level requires extensive analysis and continuing evaluation of agency programs to establish comprehensive solutions or develop new concepts, theories or programs that will include the procedures and ideas of others or resolve unyielding problems.

Factor 5: Scope and Effect

Level 5-6

450 points

Work involves planning, developing and carrying out vital projects and programs, which are central to the agencies functioning and/or isolating and defining unknown conditions, resolving critical problems or developing new theories.

The work product or service (e.g., the incumbent's advice, guidance or other results of the work)

affects the work of other experts, the development of major aspects of administrative or professional programs or missions, the successful achievement of major programs conducted by the agency or the well-being of substantial numbers of people.

Factor 6: Personal Contacts

Matrix of Factors 6 and 7, Level 4-d 330 points

Personal contacts, which occur in highly unstructured settings, are with the highest level agency managers at the headquarters level; high-ranking officials from outside the agency at the national level; top congressional staff officials; executives of comparable private sector organizations; and presidents of national unions, State governors or mayors of large cities.

Factor 7: Purpose of Contacts

Purpose is to justify, defend, negotiate or settle matters involving significant or controversial issues, e.g., recommendations affecting major programs, dealing with substantial expenditures or significantly changing the nature and scope of organizations. Work usually involves active participation in conferences, meetings, hearings, or presentations involving problems or issues of considerable consequence or importance. Persons contacted typically have diverse viewpoints, goals or objectives requiring the incumbent to achieve a common understanding of the problem and a satisfactory solution by convincing them, arriving at a compromise or developing suitable alternatives.

Factor 8: Physical Demands

Level 8-1

5 points

Work is sedentary. Typically, the incumbent sits comfortably to do the work. There may be some walking, standing, bending, carrying of light items, or driving an automobile. No special physical demands are required to do the work.

Factor 9: Work Environment

Level 9-1

5 points

The environment involves everyday risks or discomforts that require normal safety precautions typical of such places as offices, meeting and training rooms, libraries, or commercial vehicles. Travel is required.

Total points = 4090 (GS-15 grade range: 4055-up)

Final grade determination is based on the application of the OPM Administrative Analysis Grade Evaluation Guide, 8/90 and by cross reference to the Introduction to the Position Classification Standards, Primary Standard, Appendix 3.

Final classification determination: Grants Management Specialist, GS-1109-15

Standards Referenced: OPM, Position Classification Flysheet for Grants Management Series, GS-1109, Nov 2010; Contracting Series, GS-1102, Dec 1983.

FLSA: Administrative Exemption

Met – Salary Threshold – Annual rate of basic pay for this position is equal to or greater than \$23660 PA.

Met - Primary duty consistent with 5 CFR 206 (e.g.; non-manual work directly related to the management or general business operations of the employer or its customers), AND

Met - Job duties require exercise of discretion & independent judgment.

Met- employee's work is intellectual and varied in nature.

Conclusion: Exempt.

**ASC Staff Responses to ASC Board Member
questions regarding FY24 ASC Budget
Proposal**

ASC Staff Responses to FY24 Budget Questions

CFPB –

1. Suggest having the same items for both FY23 and 24 for comparison sake.

Response: Change made in revised budget proposal.

2. In the proposed FY23 budget, the end of FY23 projected reserves + standing was approx. \$18.5M. Where did the additional reserves come from?

Response: In the FY23 Budget narrative, we projected reserves of \$13,551,350 [cash reserve] + \$5,000,000 [standing reserve] = \$18,551,350. Adding \$4,800,000 grant commitments to this produces a total cash reserve of \$23,351,350 for FY23. In FY23, we have the audited FY22 reserves amount of \$21,749,886 + \$4,258,428 [FY23 projected net income] = \$26,008,314 as the total projected FY23 cash reserve.

3. The budget that was approved in September was \$3,421,240 in total compensation. What is the difference?

Response: The difference between the \$3.495M and the \$3.421M approved in September is based on the additional 3 new FTE's that were approved at the June 14th ASC Quarterly Meeting. These positions are Grants Management Specialist (GS13), Administrative Assistant (GS9) and Compliance Manager (GS14). We budgeted to onboard these FTEs on August 1st.

4. For comparison, how many trips in 2019 (pre-COVID)?

Response: In FY19, we budgeted for 137 trips, however there was no travel for onboarding of new FTEs, hearings, or new Policy Manager training. Less travel was required for the Fall AARO Conference as it was held in Washington, DC so ASC staff in the DC area did not require travel. As of 2023, AARO will no longer hold its Fall Conference in DC so those attending from the DC area will need to travel. The FY24 trip count has decreased from 253 to 221, reducing the number of AARO Fall Conference attendees to 8 (Park, Graves, McGuire, Lutz, Bohorfoush, Brown, Lewis, and Kelly). For FY24, we have budgeted for more Priority Contacts, Follow-up Reviews and Early Warning System (EWS) trips.

5. Was \$705 what was historically paid on average? Seems really high, especially for pre-COVID. What are these rates based on?

Response: Each year the airfare estimate is calculated based on the Average Domestic Airline Itinerary Fares of the Bureau of Labor Statistics and the GSA City Pair Program (CPP) airfare rates along with consideration of what is happening in the marketplace. The FY23 airfare estimate of \$705 was based on information we acquired from the 2022 Average Domestic Airline Itinerary Fares of the Bureau of Labor Statistics and the CPP airfare rates (the 2023 rates were not published at that time) for our FY23 planned destinations. During August of FY22, the

inflation rate was 8% and was considered in our average airfare expense estimation. To date, the average airfare for FY23 ASC travel has been \$525.

6. What is the basis for this increase? Are the review procedures changing?

Response: The basis for the increase in the cost per trip for Compliance Reviews is because Compliance Reviews now involve two programs, the Appraiser and the AMC Programs instead of just the Appraiser Program. Beginning in 2023, with the restart of Compliance Reviews, there have been some changes to the Compliance Review process as we learned during COVID and conducting the State Off-site Assessments what processes could be done virtually versus on-site. As an example, most State board meetings are now available virtually and the opening conference meeting is conducted virtually. In addition, this has substantially increased the amount of time for the off-site portion of the Compliance Reviews.

7. Less a cost consideration, and more data security--why are we storing hard copies rather than digitizing?

Response: The Agency files are digitized and stored on SharePoint. The files at the secured storage unit are older historical and miscellaneous files that will eventually be destroyed. The storage unit is also used to store miscellaneous IT equipment that may be re-used or eventually excessed or e-cycled.

8. What human resource support? Policies? Training?

Response: GSA does not write or provide policies for the ASC. The Service Level Agreement (SLA) with GSA's Commissions and Boards Services (CABS) provides human resources support to the ASC. This includes Organizational Design and Position Management, Position Classification and Compensation, Talent Acquisition, On-boarding of New Employees, Executive Resources, Federal Benefits Management, Human Resources Information Technology/Time and Leave/Business Analytics, and Personnel Action Processing and Electronic Official Personnel Folder Maintenance. CABS does not provide any of the required employee training such as Reasonable Accommodation or EEO for ASC staff. CABS provides virtual on-boarding to new employees and covers such items as pay and benefits. The ASC in-person onboarding for new staff covers agency specific information and items directly related to the new employee's position responsibilities. GSA's National Payroll Branch also provides payroll services to the agency.

9. What are these for? In lieu of or in addition to proposed new IT FTE?

Response: We are working with GSA's Technology Transformation Services (TTS) via an IAA to provide the ASC with IT assistance. They can provide specialized IT support services that include everything from review of IT project proposals to monitoring of IT project progress and a final project review to determine if the IT provider performed the task in conformance with agency expectations (see attached Center of Excellence Capabilities Deck). The \$150,000 initially proposed was an initial staff estimate prior to discussions with TTS. The revised budget proposal increases the request to \$250,000. If we do contract for their services, we may not need

an additional IT FTE or we may be able to hire a lower level and less costly IT FTE. The initial budget proposal included a GS14 IT Specialist. We may be able to lower that to a GS8-10 level FTE. TTS will be working with us to advise on the appropriate staffing. We are removing the request for additional IT staff until we receive recommendations from TTS.

10. Suggest it needs to also include an evaluation of current staff knowledge and expertise commensurate with the demands of the role.

Response: Agreed. We will be working with TTS to make this determination.

11. What support is provided/needed?

Response: In FY22, we migrated to a new accounting platform – Sage Intacct. We also contracted with an accounting/grants management firm (IBS Government Systems) to provide backup accounting support (i.e., cash reconciliations, financial reporting, process improvements). To date, most of the work done with this contractor has involved the development of Standard Operating Procedures (SOPs) for grants operations. The contractor is also beginning the process of automating our cash reconciliation process and creating SOPs for accounting operations. They also assisted in developing the FY24 budget.

12. (Contracted Services \$135,000 grants manager) is this in addition to the proposed FTE Grants Manager? Is this in place of the two PT contractors?

Response: The term *Grants Manager* has been revised to *contract support* under this section to reflect these expenses more accurately. The budgeted \$135,000 is for the two PT contractors. We have revised the text in the budget justification and added additional detail about what these contracting costs represent and how we will transition as new staff are onboard and trained.

13. (Contracted Services: \$75,000 ASC Grants Management System) If the idea is to look at something off the shelf, what is this cost for? Who is doing it?

Response: \$75,000 is proposed to perform a needs analysis and assessment for an electronic Grants Management System (eGMS) software program. While the plan is to use a commercial-off-the-shelf (COTS) product, an analysis is needed to ensure that the proposed system is: 1) compatible with the current ASC accounting system, 2) meets all ASC IT requirements, and 3) covers costs associated with any licensing or onboarding fees associated with the selected grants software system.

14. If ASC decides that doing this in-house would be more cost-effective, would it be better to budget less for this now, or can funds be shifted from KLS to hiring? Or is there a contract for a year?

Response: ASC does not have in-house capability to develop an eGMS. Our current in-house solution is done manually including emailing forms and saving documentation in SharePoint.

15. At 7/12 briefing ASC staff indicated they were confirming whether Drupal updates would be included in FFP contract with EZ. Has this been confirmed?

Response: Yes, this has been confirmed, as well as a test site construction under the Firm Fixed Price (FFP) portion of the contract.

16. May want to reference that ASC staff anticipates asking for significant funds for major IT projects during FY24, and this is compatible with proposed budget.

Response: Staff will utilize the available \$596,000 to facilitate project costs. Staff expect major project proposals in late September or early October. All major project proposals will be reviewed by GSA TTS and brought to the Board for approval should additional funding be required.

17. At 7/12 briefing, ASC staff indicated the cost to set up a test website for the security updates, may fall under maintenance in the contract, but needed to confirm. Has this been confirmed?

Response: Yes, this has been confirmed.

18. Is this in addition to the \$496,661?

Response: Yes, the proposed FY24 budget includes an additional funding request of \$165,555 to carry the FFP CLIN 1 of a new contract through to the end of FY24.

19. Is no further funding needed for the Census/Survey project?

Response: No further funding for the census/survey project is anticipated, due to a no-cost extension of the agreement.

20. I think the addition of a column for 2019 (pre-COVID) would be very helpful, and a better comparator than 2023.

Response: This information has been added to the revised budget proposal. Please keep in mind that since 2019 the ASC has taken on additional work including a greatly expanded grant program (1 grantee (TAF) compared to 56 potential grantees (55 States). The State AMC Programs are now part of the Compliance Review process, and 48 States are now entering their data on the AMC Registry and paying the associated AMC Registry fees. Since 2019 we added an additional Policy Manager and two additional Attorney Advisors.

21. \$64K new staff onboarding seems expensive--how long is the onboarding?

Response: The in-person onboarding process is generally three days in the DC area. The Executive Director and Deputy Executive Director attend at least two of the three days. The IT Project Manager, who is in the DC area, spends nearly a full day with the new employee setting up their laptop and cell phone. The Management and Program Analyst, who is in the DC area,

attends ½ day to provide ethics training and discuss agency requirements and policies. Additional staff may attend virtually, or in-person as needed. The revised amount of \$41K is for onboarding 7 employees. The travel costs include airfare, lodging, M&IE, and transportation costs to/from the airports.

22. What is this? Why cut?

Response: The Technical Assistance Grant and Cooperative Agreement awarded to the Council on Licensure, Enforcement and Regulation (CLEAR) in 2020 officially terminates on September 30, 2023. We are not requesting funding for this line item. We approved a no-cost period of performance (POP) extension to March 31, 2024. This will allow them the time needed to complete the two remaining projects which are 1) the appraisal profession survey project and 2) development of the Investigator II training. In consultation with legal staff, it was determined that future activities should be contracted and not awarded as a grant.

23. How has the new proposal accounted for the resource add of the vacant positions that will be advertised (program managers, atty advisor) in addition to the 3 new FTE, in terms of calculating how many hours are needed?

Response: The proposed budget includes all resources for the 3 vacant positions, the 1 proposed position and the 3 positions approved in June.

24. Please confirm where this position sits in the org. The previous org chart had this position elsewhere in org.

Response: The Administrative Assistant (AA) position will report to the Deputy Executive Director (DED), because the AA will take on some of the duties currently assigned to the Management and Program Analyst (Lori Schuster). The DED works closely with Lori and GSA/OPM on new/replacement hires and other HR duties such as time keeping which we plan to assign to the new AA.

25. If the Board is meant to base a decision on information from those previous documents, it would be helpful to provide that information here.

Response: The relevant staffing proposals and responses to Board questions are included in the revised budget proposal.

26. FY24 Budget Proposed Positions/Grants Management Specialist From the PD, it seems like this is a substantive role, not just administrative. How much time/how many grants would this individual manage? How many do the two contractors manage?

Response: To reduce confusion, the proposed unofficial title for this Grants Management Specialist position is changed from Grants Manager to Senior Grants Management Specialist. This is not an administrative role, and it will not manage staff. The Grants Director will be the only supervisor in the Grants Management Office.

27. How many could the new proposed Grants hire manage?

Response: As indicated in the prior comment, this position will not manage staff. To reduce confusion, the unofficial title for this position is changed from Grants Manager to Senior Grants Management Specialist. The proposed position would not be "managing" a number of grants. The entire portfolio would be in play, and currently that is 16, but we are looking to award new grants. As explained in the new staff proposal they would be responsible for certain actions. Currently we have 16 grants. Under the direction of the Grants Director, they would be responsible for certain aspects of current awards oversight and closing of ASC grants. This position would develop policies and procedures, coordinating with ASC Policy Managers on current awards progress reports, monitoring grant awards, resolving corrective actions, and serving as the back-up Grants Director.

28. Grants Director serving as the CLEAR grants manager. Isn't this ending in September? Isn't this something the new FTE will support or take over? If so, how much of the Grant's Director's time will be made available as a result?

Response: As noted in the response to question 22, the CLEAR grant has a no-cost extension to March 31, 2024. The Board approved grants position cannot take over this work. The Senior Grants Manager can take over/support, but that position has not been approved. The Board approved position is taking over the work currently performed by the contracted services for grant support.

29. Reviewing semi-annual and annual reports Will Policy Managers continue to perform this review if a third Grants employee is added?

Response: We will continue to utilize the Policy Managers as our program experts. Since Policy Managers are responsible for the Compliance Reviews, they provide valuable insight into the needs of State regulatory programs.

30. Does this mean Policy Managers conduct some monitoring now?

Response: Policy managers do not provide grant monitoring. They are responsible for State Compliance Reviews only.

31. If GSA TTS would provide the work, what is the need for the business analyst?

Response: We are working with TTS to make this determination.

32. Please confirm these two PDs (GS-12 and GS-13 Grants Management Specialist) are for the position the Board previously approved, not the proposed GS-13/14. Page 2 of the FY24 New Staff Position Proposal document states that the PD for the GS13/14 is still under development.

Response: Correct, PDs for GS-12 and 13 were included as a reference for the Board approved position. For the revised package, only the PDs for GS13 and 14 will be included for the proposed Senior Grants Management Specialist position (formerly Grants Manager).

FRB –

Contracted Services is the largest expense outside of personnel expenses and it is budgeted to increase by \$545,529.00 in 2024. We suggest considering ways to reduce this cost by bringing some of the contracted services back in house such as services provided by KL Scott and CLEAR.

1. KL Scott – Is it necessary to retain KL Scott for public relations and strategic planning services if these services are in anticipation of ASC’s future growth?

Response: A PR firm was added in March 2021 at the suggestion of one of the Board members. We have found their services to be very useful in areas such as social media, drafting press releases, assisting with media interviews, and most recently assisting with the ASC hearings, two of which are scheduled in FY24. Bringing these services in-house will be considered as part of the staffing time study and analysis.

2. CLEAR – Would it be better to reengage TAF and fund investigator training through the grants program rather than paying a consultant to run the program?

Response: The Investigator Training II Program TAF administered through ASC grants was limited to training State appraisal program staff on investigations and gaining a better understanding of USPAP. States asked for a broader set of education on the appraisal regulatory system. An RFP was issued in search of a provider and TAF did not submit a proposal. CLEAR specializes in education for occupational licensing agencies. In addition, TAF has limited expertise in adult education which made CLEAR a better partner. We anticipate a new RFP will be made available for a provider to teach the Investigator Training II Course. TAF may apply at that time.

3. We suggest that ASC consider repurposing the open attorney position (position vacated by Juan Burgos) or provide additional justification for it. The staff position might be utilized instead to build out in the Grants area or IT.

Response: The legal needs of the agency have grown significantly since the passage of Dodd-Frank and implementation of its requirements. As a result, the Board approved a fourth attorney in June 2022. Even with a staff of four attorneys, legal projects such as rulemaking can be overly time consuming. Although the current rulemaking on the Enforcement Rule should be completed by mid FY2024, the agency has other significant legal projects that need to be undertaken, such as updating the Policy Statements, updates of the Rules of Operations, Delegations of Authority, and ASC Policies and Procedures. Oversight of the State AMC programs has also increased the ASC’s legal needs. In addition, once the Enforcement Rule is approved, there will need to be legal work in designing and implementing the process. This suggestion would cut our legal staff by 25%, which would have significantly negative ramifications for the agency’s ability to handle pressing legal matters.

4. We suggest amending the 2024 budget to reflect IT costs more accurately by including an estimate for Easy Dynamic expenditures for the full budget period.

Response: The FY24 proposed budget reflects the necessary FFP value of (\$165,555) required to complete the 2024 fiscal year.

FDIC –

The list below includes some questions that were answered in part or in whole during the August 9, 2023 briefing. In the interest of consolidating questions and providing transparency across ASC member agencies, we decided to include them in this document.

1. Similar to requests made by other agencies during the August 9, 2023 briefing, it would be helpful to have a uniform template across budget years for each line item and a brief description of any major variances between what was budgeted for in Fiscal Year (FY) 2023 compared to the Projected Year End budget for FY 2023.

Response: Previous fiscal year budget amounts and actual expenses have been included in the revised proposal.

2. This is a question similar to what we asked last year at this time. At that time you requested 9 FTEs and the ASC board asked for more information about how the KL Scott report recommendations connected to the requested FTEs. This budget includes a request for \$50,000 for an organizational review, which makes logical sense, while at the same time asking for additional positions.
 - o There are two separate line items, Organizational Review and Organizational Review Follow-up, in the budget spreadsheet titled *ASC FY24 Proposed Budget*. What is the reason for bifurcating these budget requests?

Response: In FY23 the service, which was performed by KL Scott, was identified in the budget document as Organizational Review. The FY24 budgeted request is to address their recommendations including a workflow analysis and talent assessment.

3. Why the request for the three additional positions prior to obtaining a report based on the organizational review?

Response: We are confident these positions are needed. However, we have revised the budget proposal to request only one new position, a Senior Grants Management Specialist. This position will support our efforts to expand the Grants Program. Once the current staff and workflow analysis talent assessment is completed, we may come back to the Board with an additional staffing proposal.

4. Before requesting additional positions, would it also not make sense to post and fill the three previously approved new positions, and fill the current vacant positions to have a better understanding of the ASC's resource needs and constraints?

Response: See response above.

5. On page 2 of the budget proposal, when outlining personnel benefits and estimated budget needs the proposal state, “The FY24 personnel benefits amount represents 37% of the total FY23 personnel services budget.” Is this accurate? Should “personnel services budget” instead be changed to “personnel compensation” or “personnel benefits” to provide clarity?

Response: The personnel benefits rate of 37% is for FY24 and has been corrected in the revised narrative and wording changed to read “personnel compensation.”

6. In previous briefings to the board, staff communicated that nearly all ASC staff devoted significant time to the PAVE Task Force and subsequent action items. With ASC’s main PAVE project complete, how will ASC staffing needs for PAVE change?

Response: The PAVE Task Force appears to be winding down and the time allotted to PAVE has decreased significantly. However, the agency still needs to have the staff to fulfill its obligations as a federal agency, including backup when staff is unavailable, succession planning and increased skills and competencies in certain areas. PAVE has significantly raised the ASC’s visibility which increases the likelihood of other special projects and/or added authority coming its way.

7. ASC staff has provided several different Org Charts with current staffing and proposed staffing, and they all seem to result in different characterizations of the staff and reporting lines, which makes it hard to follow and track. For example, the current briefing package no longer includes the Regulatory Affairs Specialist but instead lists a Program Manager; and the org chart in the June 14 briefing materials seemed to show the IT Project Manager reporting to the Financial Manager and the new Administrative Assistant under the Financial Manager rather than the one in the budget package showing the position reporting to the Deputy Executive Director. Would you clarify which is the correct Org Chart and what the current and proposed organizational structure is?

Response: A clarified organization chart is included in the revised budget proposal.

8. Regarding the variation between Org Charts in both position titles and reporting lines: Was there a reorganization of staffing and reporting lines? Who has the authority to approve reorganizations and has that authority been delegated from the board?

Response: There has not been a change in staff reporting lines or a reorganization. Reporting lines for proposed positions were adjusted as needed. The Board approves all new staff positions.

9. Please provide additional details about the ASC Grants Standard Operating procedures including:

Response: Additional details have been added to the revised budget proposal that provides additional context and addresses these questions.

- Who is the vendor?

Response: IBS Government Systems is working with the Grants Director and Financial Manager.

- When did the initiative begin and what is the expected completion date?

Response: This initiative started in FY23 with the onboarding of the new Grants Director and General Counsel and should be completed in FY24.

10. Can you provide more detail about the Grants Management System outlined on page 4 of the proposal?

Response: This funding will be used to conduct a needs assessment to ensure the selected system is 1) compatible with the current ASC accounting system, 2) meets all ASC IT requirements, and 3) covers costs associated with any licensing or onboarding fees associated with the selected eGMS.

- How did you settle on this particular option?
- Are you familiar with its functionality?
- Will there be ongoing maintenance-related costs with the GMS?
- How will the GMS impact workload and staffing needs?
- Would continued use of part-time contractors make sense until the GMS is in place so we can make a more informed decision on staffing needs for the grant program?

Response: The answers to these questions will be determined as we search for an eGMS to meet our needs. This is proposed for FY24 to identify the needs, cost, and a system in order to answer these questions.

11. Can you tell us more about the \$163,840 for the CLEAR investigator training course?

- Who is the audience and intended users of the course? Is it targeted to state regulators?

Response: The Investigator Training II course developed by CLEAR is designed for State Appraiser and AMC Regulatory agency investigators.

- To clarify, this is considered a grant and is an approved use of grant money for the education of state regulators?

Response: No. The “grant” was made to CLEAR for the development of the course. A contract will be executed to select a vendor to teach the course.

- What is the overall objective of the course?

Response: The objective of the course is to support States’ ability to comply with Title XI.

- Page 4 of the budget proposal lists \$163,840 for CLEAR training but the budget spreadsheet titled *ASC FY24 Proposed Budget* does not include funds for CLEAR Training. Is this an oversight?

Response: No, it is not an oversight. CLEAR is not being funded for any additional work in FY24. These funds are requested for a vendor to teach the course developed by CLEAR.

12. With the IT contract with Easy Dynamics going through May 31, is there an expectation for another IT spending request to cover the remainder of the fiscal year, or is that expected amount already factored into the total IT budget for FY 24?

Response: The proposed FY24 budget includes an additional funding request of \$165,555 to carry the FFP CLIN 1 of a new contract through to the end of FY24.

13. We noticed a couple of apparent redundancies in the requests:

- The budget asks for funding for a new Grant Manager as a FTE, but there is also an amount for \$135,000 for the contractual services of a grants manager.

Response: The position of Grants Manager has been retitled to Senior Grants Management Specialist. The \$135,000 is proposed to continue with the contracted grants staff support, until permanent staff onboards and is trained.

- Miscellaneous IT includes \$10,000 for notebook computers for new staff, but in supplies there is also request for \$37,448, of which some is budgeted for new staff laptop computers

Response: In the revised budget narrative and after consultation with Easy Dynamics, we have established this line item for Network Equipment to include Firewalls, Switches, and server extended warranties.

- On page 2 of the budget proposal, please provide additional details regarding AMC registrants similar to the numbers provided for appraiser registrants. Also, what methodologies were used to determine the projected number of registrants?

Response: FY24 AMC revenue projections were developed by analyzing year-over-year invoicing data and calculating AMC panel utilization rates for States paying AMC Registry fees.

OCC –

1. Why only 48; presuming the other two states and assuming the 5 territories do not have AMCs? If so, consider a comment/explanation.

Response: The 5 territories and Hawaii have opted out of having an AMC Program. Massachusetts has opted in; however, they have not populated the AMC Registry. An explanation will be included in the revised budget proposal.

2. Consider depicting what are the key attributes for the 37% increase?

Response: Fringe amount equals 37% of FY24 personnel compensation, not a 37% increase in personnel benefits. An explanation will be included in the revised budget proposal.

3. Consider additional detail on "more redundancies"?

Response: More backup support is needed so that when staff are unavailable (vacation, sick leave, etc.) work can continue effectively and efficiently. An explanation will be included in the revised budget proposal.

4. (Ref: Grants Management System) Consider clarifying whether fully operational or fully implemented?

Response: The eGMS is not in place currently. \$75,000 is proposed to perform a needs analysis and assessment for an eGMS.

5. (REF: Teaching of Investigator Training Course) Consider providing some backdrop here. Akin to what was described in the 8/9/23 briefing.

Response: We are proposing \$163,840 for teaching the Investigator Training II course, developed by CLEAR, designed for State Appraiser and AMC Regulatory agency investigators.

6. Consider providing some detail or an overview on who are the 30 attendees?

Response: State Appraiser and AMC Regulatory agency investigators.

7. Consider providing some background here by referencing that prior boards strongly encouraged the engagement of outside experts to assist ASC in its media and media relations.

Response: A PR firm was added in March 2021 at the suggestion of one of the Board members. We have found their services to be very useful in areas such as social media, drafting press releases, assisting with media interviews, and most recently assisting with the ASC hearings, two of which are scheduled in FY24.

8. Consider emphasizing the importance of this engagement in light of PAVE, public hearings, etc, into FY24.

Response: PAVE has significantly raised the ASC's visibility which increases the likelihood of other special projects and/or added authority coming its way. This aligns with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry.

9. Consider some analysis / justification around the following:
Total Revenue / Compensation per FTE:
Projected FY23 = 600.3K / 153.8K (low due to mid-yr new hires)
Proposed FY24 = 498.9K / 196.4K

Salary per FTE:
Projected FY23 = 111.4K
Proposed FY24 = 141.2K

Response: A Total Revenue/Compensation FTE ratio comparison is not appropriate, because of the small size of our agency.

10. Consider indicating that there is a presentation of two PDs, one for GS12 and one for GS13 - as attached?

Response: PDs for GS-12 and 13 were included as reference for the Board approved position. For the revised package, only the PDs for the GS13 and 14 will be included for the Senior Grants Management Specialist position (formerly Grants Manager).

11. (REF: 200K Strat Comm) Identify or project key deliverables, reports, and periodic board reporting?

Response: \$200,000 is requested for strategic communications services to promote ASC objectives in accordance with the agency's Strategic Plan. This service provides support for strategic planning, media/press releases, social media engagement, ASC messaging, assisting with media interviews, and ASC hearings. Key deliverables and reports will be identified in the contract and periodic Board reporting will be provided.

12. Is this planned to be a renewal of existing KL Scott engagement or a new procurement?

Response: This is intended to be a renewal of the exiting engagement.

13. How does this compare to other small or other federal grants programs relative to \$ and number of grants under management and or planned? Consider a discussion ref benchmarking or comparative analysis towards justification.

Response: A data call was sent out to the following small agencies that are part of the Small Agency Council: National Science Foundation (NSF), National Archives and Records Administration (NARA) and Marine Mammal Commission (MMC).

NARA:

This agency has been awarding grants since 1964. As of FY20, they have experienced an increased workload due to earmarks and Congress authorizing increased funding

No. Grant Programs: 3

Eligible Recipients: States, tribes, local governments, colleges/universities, museums, libraries

Grants Organization: Executive Director over Agency plus 3 grants program officers, 2 support staff, 1 term position. Due to large earmarks and larger appropriations for competitive grants, they have been approved for 2 new positions and backfilling 2 vacant positions. This will bring their total to 10 support staff (Currently working with 6)

eGMS: Yes

We are waiting to hear back from the others, but this confirms the ask for a total of 2 permanent staff and contract support staff is a reasonable starting point as we grow ASC grant operations.

14. Is PD GSA (Grants Management Specialist 13/14) approved as well? If so, so state consistently within presentation?

Response: GSA approved the Grants Management Specialist 13 and 14 PDs.

FHFA –

Personnel Compensation - Pg 2

1. Does approval of the budget assume approval of the proposed FTE positions?

Response: Yes unless the Board indicates otherwise.

Travel - Pg 2 & Itemized Budget

2. FHFA is requesting more granular details related to the 253 budgeted trips
- What is the basis for the \$705 airfare amount? Is this an average or based on travel to/from DC?

Response: The FY23 airfare estimate of \$705 was based on information we acquired from the 2022 Average Domestic Airline Itinerary Fares of the Bureau of Labor Statistics and the CPP airfare rates (the 2023 rates were not published at that time). For FY24, we are proposing an estimated airfare rate of \$506. We budgeted \$575 for airfare in FY22, \$550 for airfare in FY21 and \$500 in FY20.

3. Where do each of the team members reside?

Response: Jim Park, Colorado Springs, CO; Denise Graves, The Villages, FL; Rick McGuire, St. Louis, MO; Regeane Frederique, New Castle, DE; Girard Hull, Columbia, MD; Brian Kelly, Alexandria, VA; Ada Bohorfoush, Laurel, MD; Natalie Lutz, Denver, CO; Lori Schuster, Arlington, VA; Maria Brown, Meridian, ID; Neal Fenochietti, Wilton Manors, FL; Kristi Klamet, Russellville, MO; Tom Lewis, Raleigh, NC; Jenny Tidwell, Denver, CO.

Ex. For a DC meeting, we would expect a DC-based FTE to have lower total travel costs compared to someone traveling from CO.

Response: Yes. DC based staff attending DC functions are allowed travel reimbursement as per the Federal Travel Regulation.

4. How many and which ASC staff members are slated to attend each compliance review, conference, team meeting, etc.?

Response:

State Compliance Reviews – 67 (27 States)

Each Compliance Review is conducted by 2 Policy Managers, one is the lead that is assigned to the State and the second is an assist. A third Policy Manager will attend for training purposes or when there is a need, such as a large State or a State that has more than one office (FL, and IL). Compliance Reviews are held in-person with some virtual attendance, such as the opening conference, and some board meetings are virtual. All team prep work is done virtually and by email (policy managers, legal staff and DED as needed).

Follow-up Reviews: 9 (6 States)

Based on historical data from appraiser program Compliance Reviews and the addition of the AMC programs, this is a calculated number of Follow-up Reviews as a place holder. Because Compliance Reviews are resuming after 3+ years, there are no pre-scheduled Follow-up Reviews at this time. Staff anticipates after the 2023 Compliance Reviews are completed there will be a need for Follow-up Reviews in 2024. The Policy Manager assigned to the State conducts the Follow-up Review. Depending on the severity and number of issues, the DED may also attend. Most Follow-up Reviews are held in person, however, depending on the issue and the States actions, a Follow-up Review may be held virtually.

Priority Contacts/Early Warning System (EWS): 6

There are 5 States (IL, FL, PA, MI, and CO) with large populations of credentialed appraisers that are scheduled for an on-site or off-site Priority Contact (PC) in FY24. A Priority Contact (PC) is designed for risk management purposes for when a State's program has a significant impact on the nation's appraiser regulatory system. The primary purpose of the PC is to review topical issues, evaluate overall compliance issues, and maintain a close working relationship with the State. Decisions of which States will be on-site vs. off-site are made depending on the State's most current Compliance Review as well as other factors gathered throughout the year. Historically about half of the large States identified will be conducted off-site. Both on- and off-site visits are conducted by the assigned Policy Manager. Other PC or EWS visits are determined throughout the year for other concerns.

State Compliance Reviews, Follow-up Reviews, EWS and PCs are part of the ASC's oversight of State Appraiser Regulatory Agencies under Title XI. These align with projected Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs.

Conferences: 1 All-Staff meeting and 2 AARO Conferences

All-Staff Meeting

ASC staff plan on 1 all staff meeting per year. In addition, the available staff have virtual staff meetings weekly. The in-person All-Staff meeting is scheduled to take advantage of a lower cost venue. As an example, the FY23 venue is in Colorado Springs where 3 staff members will not need airfare and 1 will not need hotel accommodations. In addition, the meeting space is located at the University of Colorado where it will be free since Jim Park is an alumnus.

All-Staff meetings are important for morale building, planning and staff cohesion. KL Scott recommends we have two all-staff meetings every year. We are only planning one at this point. This is another reason we bring a significant number of staff to AARO meetings.

AARO Conferences

Historically we calculate on the high side for staff attendance at the 2 AARO Conferences. Decisions on staff attendance are made once agendas are available and considering staff availability. Often there are multiple sessions presented at one time. Usually there are requests for presentations by ASC staff that can cover any aspect of our Title XI requirements, such as Compliance Reviews, ASC Policy Statements, how States are to implement changes in the Criteria or new procedures, AMC requirements, IT and National Registry information and Grants. Since the first budget draft was provided, AARO sent a tentative schedule for the fall conference to be held in Salt Lake City, UT. Based on the tentative schedule and the need for some staff to conduct a rescheduled Compliance Review the attendance number has been lowered for the fall conference to 8. The Spring meeting will be held in Nashville, TN, however there is not an agenda at this time.

Attendance at the AARO conferences helps meet the mission of the ASC and is a great opportunity for ASC staff to interact with the State personnel and provide technical assistance outside of a Compliance Review. It is also important to be available to answer questions that come up during presentations and break-out sessions. Important information and clarification can be shared with 35-40 States at one time.

ASC staff gain insight into what States are dealing with, what questions they have and other information that help staff in planning technical assistance, possible enhancements to IT, grants, and the overall monitoring of the States. Attendance and participation with AARO meetings align with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry and projected Strategic Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs.

Appraisal Foundation Meetings (ASB, AQB, TAFAC, IAC and BOT): 8

Attendance at the Appraisal Foundation (TAF) meetings are part of the mission of the ASC to monitor and review TAF under Title XI, two staff go on these trips as part of the monitoring and review of TAF. The staff that attend are usually Ada Bohorfoush and either Denise Graves or Jim Park. There are typically 2 BOT meetings each year, with multiple sessions given at one time. The Fall meeting will be held in Palm Springs, CA; the Spring meeting location has not been announced at this time.

TAFAC and IAC meetings are usually held jointly, however the Fall meetings will be held on different dates in DC and Arlington, VA, respectively. Therefore, two additional meetings have been added since the first budget draft. The Spring meeting dates/locations have not been announced.

Other than the virtual public meetings, the ASB and AQB typically meet for in-person work sessions 2-3 times each year. One meeting each for ASB and AQB are in the budget as a placeholder. The ASC Board has asked TAF about allowing ASC staff to attend ASB and AQB

closed work sessions again as part of the ASC's required monitoring and review of TAF under Title XI. In addition, these align with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry.

Training/Information: Onboarding of new staff 7

Travel for the onboarding of new staff to fill 3 vacant positions, 3 new positions, and 1 proposed position. We are hoping to onboard the two Program Manager positions (formally RAS and Policy Manager) at the same time.

All onboarding of new staff is scheduled to meet in person, in the DC area as well as some virtually. This allows for the new staff to pick up and set up needed equipment like laptops and cell phones and includes hands-on training. An orientation on the agency and position expectations is provided at this time as well as the required ethics training. Staff in-person and virtual attendance depend on the needs for the position. Usually the Executive Director (2 days), the DED (3 days) and the IT Project Manager and Management and Program Analyst (½ day each) attend in person with the new employee. Other staff may attend virtually as needed. These align with projected Strategic Goal 4: Increase agency's ability to attract and retain a diverse talent pool.

Industry Meetings: 2

Industry meetings are attended because of either a request for a speaker or because of the agenda topics. As an example, the Association of Real Estate License Law Officials (ARELLO) includes State appraiser regulatory officials, some of those officials do not attend AARO Conferences. Staff attendance (usually senior staff or a policy manager) is based on the meeting agenda and if a presentation has been requested and staff availability. These align with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry.

Technical assistance training: 9

Technical assistance for States is budgeted for 3 trips with up to 4 staff for attendance and/or participation to provide technical assistance in training of State appraiser regulatory staff. ASC staff attendance will be determined by appropriate staff availability. These are usually conducted by Policy Managers. These align with projected Strategic Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs.

Technical assistance for grants is budgeted for 6 trips. ASC has 9 grants eligible for closeout and the anticipation of a new round of funding to be rolled out in FY24. These trips would consist of a Grants Office staff member traveling to the ASC grant recipient/applicant to provide onsite training and/or technical assistance for topics like grant closeout, application development, grant administration training, and grant monitoring.

Technical assistance meetings for both the State and Grants programs are essential in getting information out to the State Programs, answering questions, and helping States be compliant. These align with projected Strategic Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs.

Speaking Engagements: 8

Speaking engagement attendance is based on the requested presentation and appropriate staff availability, usually one senior staff or a Policy Manager is the presenter. These align with projected Strategic Goal 2: Strengthen collaboration within the appraisal industry.

Additional Staff Travel - Senior Management DC Travel: 18 trips (6 trips with 3 staff)

Because ASC staff is fully remote, some meetings are optimized by meeting in person. When the ASC Board decided to make the agency fully remote, it was analyzed very carefully and determined that there would need to be in-person meetings held and that it still would be cheaper than paying rent in DC (approximately \$250,000/year). This travel would include meetings such as ASC Hearings, FFIEC meetings, and Senior Staff planning such as strategic planning. These align with projected Strategic Goal 4: Increase agency's ability to attract and retain a diverse talent pool.

5. What is the business justification of the staff's attendance?

Ex. 15 staff members at a total of \$25,580 are slated to attend AARO. This represents 75% of the staff, not including the proposed positions.

Response: Discussed above and in Budget Narrative.

6. Which of the meetings have virtual options?

Ex. The next ASB and AQB meetings are virtual and we would not expect to see travel associated with meetings that do not require in-person attendance.

Response: Discussed above and in Budget Narrative.

7. New staff onboarding of \$64,802 equates to 38 trips (based on \$1,705/trip), but page 2 notes 24 trips (which would be \$40,920) for new staff training and other meetings. Which is accurate?

Response: Revised to 8 trips totaling \$41K see additional details in Travel –Training/Information section in revised budget narrative and discussed above.

8. Does the line item account for all seven open staff positions (3 recently approved, 3 proposed, and 1 backfill)?

Response: Revised to 3 recently approved, 1 proposed and 3 backfill. These include:

Recently approved positions (3):

New hire Grants Management Specialist plus attendees: Park, Graves, and Frederique

New hire Administrative Assistant plus attendees: Park, Graves

New hire Compliance Manager plus attendees: Park, Graves, McGuire

Proposed Position (1):

Proposed new hire Senior Grants Management Specialist plus attendees: Park, Graves, Frederique

Backfill of vacant positions (3):

Program Manager/Policy Manager plus attendees: Park, Graves

Program Manager/RAS plus attendees: Park, Graves, and McGuire
Attorney Advisor plus attendees: Park, Graves, and McGuire
We will also need to backfill the DED position when D. Graves retires in April 2024.
9. In addition to the new staff member(s), who else would be in attendance?

Response: See above

Rent, Communications and Utilities - Pg 3

10. \$4,660 is budgeted for an off-site storage unit containing ASC files and documents.
Are any efforts underway to convert these into digital files?

Response: The Agency files are digitized and stored in SharePoint. The files at the secured storage unit are older miscellaneous files that will eventually be destroyed. The storage unit is also used to store miscellaneous computer and IT equipment that may be re-used or eventually excessed or e-cycled.

Contracted Services - Page 4

11. Does the organizational review follow-up include a staff skills analysis, as previously requested by the ASC Board?

Response: Yes, it will include a staff skills analysis.

FY24 IT Services - Page 5

12. Line items for Zoom and Webex are included - do we need both?

Response: The ASC has been using Zoom and MS Teams for several years. Chair Martinez requested Webex to be used for Board meetings. Zoom is easier to use for staff and others we meet with on a regular basis such as State appraiser regulatory agency staff.

13. Notebook computers for new staff (\$10,000) have been included in Misc. IT. Is this in addition to the new staff laptops noted under Supplies?

Response: In the revised budget narrative and after consultation with Easy Dynamics, we have established this line item for Network Equipment to include Firewalls, Switches, and server extended warranties.

Federal Grants - Page 6

14. \$250,000 is budgeted to re-initiate grant awards to TAF. Have they indicated they will now accept grants from ASC?

Response: TAF has mentioned the possibility of requesting a grant for PAREA scholarships and/or State investigator training. The Board decided in 2020 to require that TAF accept a grant

for the ASB (i.e., USPAP) in order to receive grant funds for other purposes. The \$250,000 is included in the budget proposal in case this Board decides to change the existing approach or if TAF decides to request funding for the ASB. It is also a public acknowledgement that the ASC is willing to provide grant funds to TAF.

Misc. - Itemized Budget

15. The \$32,950 line item includes conference registration fees.
How many and which ones?

Response: Based on reducing the number of attendees for AARO in the FY24 Budget, we are now budgeting \$20,350 for Miscellaneous Expenses to include AARO conference fees (8 for the Fall conference and up to 10 for the Spring conference), ARELLO Conference fees, Valuation Expo Conference fees and Collateral Risk Network Conference fees (one person each).

NCUA –

1. Overall, I think the budget would be enhanced if the funding was more directly tied to the strategic plan and goals. You need to draw the line between the strategic initiative, the individual goals, and how much they will cost. This will help the board understand how funding is needed for the goals we approve.

Response: Staff considered the proposed FY2024-2028 Strategic Plan when developing the proposed FY24 budget. Since the new Strategic Plan has not yet been approved, it is difficult to tie the proposed FY24 budget to the proposed Strategic Plan in a detailed way. However, assuming the proposed Strategic Plan is close to what the Board is looking for, the proposed budget supports the proposed Strategic Plan. The four Strategic Goals are:

- Goal 1: Innovate and modernize our processes, technology, and operations
- Goal 2: Strengthen collaboration within the appraisal industry
- Goal 3: Support States' ability to maintain compliance with their appraiser and AMC programs
- Goal 4: Increase agency's ability to attract and retain a diverse talent pool

The requested budget addresses:

Goal 1 by funding additional IT resources (partnering with TTS), further study and recommendations to increase and enhance ASC staff.

Goal 2 is addressed through additional resources for the Grants Program (States and TAF), attending AARO and other industry meetings.

Goal 3 is addressed through an enhanced and expanded Grants Program, adding resources to our State and TAF compliance review process and teams.

Goal 4 by studying the staffing and organizational needs of the agency and adding the needed additional staff and other resources while always focusing on establishing a diverse workforce.

2. It would be helpful to see a chart of 2023 Budget, 2023 Actual and 2024 Budget for comparison here. I like the summary data, but it was hard to compare.

Response: The revised proposed budget includes this information.

3. I don't object to adding additional staff and believe it is necessary. See my comments under the staffing proposal. Does compensation include a merit/performance based increase or only cost of living?

Response: Compensation includes a cost-of-living adjustment (COLA) but does not include a merit/performance-based increase, as this amount is shown on the Cash Awards line item. Revised sentence in revised narrative to read: A cost-of-living increase, included in the personnel compensation amount, of 5.2% is budgeted for the \$3,068,880 projected salary expenditures.

4. It would be helpful to see this defined by number of staff attending and length of trip. It is hard to know if this travel plan is reasonable without that info.

Response: Detail for travelers is included in revised budget narrative and discussed above.

5. It would be helpful to know what is printed and reproduced. What is kept in hard copy versus digital and why?

Response: The ASC prints approximately 50 copies of the Annual Report. Approximately 20 are sent to Congress to comply with the requirement in Title XI. Printing costs also include publication in the *Federal Register* of meeting notices, proposed rules, and Information Collection Requests/renewals. All official agency documents are digital and kept in SharePoint.

6. Here again, a chart showing the various types of contracted services and their related costs would be helpful.

Response: Included in the revised proposed budget.

7. As noted in my comments at the meeting, at what point does it make sense to bring the HR function, or parts of it, in-house. Please explain what GSA provides and what we do in-house.

Response: Please see the response on page two regarding what services GSA CABS provides to the ASC. The Deputy Executive Director and Management & Program Analyst prepare drafts of vacancy announcements, position descriptions and job analyses that are sent to CABS for review and approval. Once approved and finalized, CABS forwards the documents to OPM's Staff Acquisitions Group that prepares the final vacancy announcement draft and occupational assessment that will be posted to USAJobs. We also pay OPM for their services; it is not part of the CABS SLA.

8. I believe this review is a critical function that must be completed in 2024. I don't know that \$50,000 will be sufficient and would suggest you increase this amount to make this a priority. As noted earlier, I think this review needs to be completed to inform the org structure and new positions.

Response: We have increased the request for this line item to \$75,000. After discussing with KL Scott, we adjusted to help ensure we have sufficient budget authority to fully complete the study.

9. I am unclear as to what this is and why it is needed. Please provide more explanation.

Response: The Investigator Training II course developed by CLEAR for State Appraiser and AMC Regulatory program staff, focuses on investigations and gaining a better understanding of USPAP. The objective of the course is to support States' ability to maintain compliance with their appraiser and AMC programs around enforcement.

10. As the IT costs and contracts are obligated in different budget years, I would suggest a more robust discussion about the entire IT area, what is part of the current year, what is planned for the budget year, and what is expected in subsequent years. You might think of this as capital funding instead of annual funding.

Response: This is a broader discussion for a later time outside of the FY24 budget process. TTS should be helpful in developing a more robust long-term IT plan.

11. This org chart would be greatly enhanced if it included position grade levels.

Response: Included in the revised proposed budget.

12. It is unclear to me how the IT positions relate to each other and who has a leadership role. It is also unclear who would report to the Admin Officer, if anyone, or how that fits into the overall structure.

Response: The IT Specialist position request has been removed from the proposed budget. Once we receive input from TTS, we may come back to the Board for an additional position. In addition, the Administrative Officer position has been removed from the proposed budget pending further study and analysis.

13. A review of this structure and the lines of authority and communication is needed to ensure efficiency and effectiveness.

Response: If funding is approved, KL Scott will conduct an analysis in FY24 to assist in determining what organizational structure is appropriate.

14. As noted earlier, I do not object to more staff as I think it is needed. However, I am concerned that you have determined what positions are needed prior to an organizational review. I think that needs to be done first.

Response: The IT Specialist and Administrative Officer positions have been removed from the budget proposal pending further study and analysis by KL Scott finishes their work. We continue to propose an additional grants position (Senior Grants Management Specialist) due to the acute need for additional grants support if the Board wants to grow the ASC grants program in FY24.

15. I am unclear about the management structure of the grants team - is additional staff needed to manage grantees or grants staff? Why is another management level position needed? That would be two managers on a 3 person team? How will this position be different than the Grants Director? I recommend a review of this team to ensure that roles and reporting are effective.

Response: To reduce confusion, the proposed unofficial title for this Grants Management Specialist position is changed from Grants Manager to Senior Grants Management Specialist. This is not an administrative role, and it will not manage staff. The Grants Director will be the only supervisor in the Grants Management Office.

16. How is this position different than the Admin Assistant approved earlier this year? Why is a higher-level position needed?

Response: As indicated earlier, this position has been removed from the proposed budget pending further study and analysis. The position is at a higher level than the Administrative Assistant because the intention is to assign them higher level work such as supporting the Executive Director, Senior staff, and the Board. We have also considered including the EEO Director within their job description.

Attachment:

ASC Proposed Organizational Chart

ASC Staffing/Reorganization Proposal – ASC Staff Responses to Board Questions – 02/23

ASC Staffing/Reorganization Proposal – March 2023

GSA TTS CoE Slide Deck

FY24 Proposed Budget vs FY19 Actual Budget

Attachment One:
ASC Proposed Organizational Chart

ASC Board

Executive Director
J. Park SL

COMPLIANCE OFFICE
Deputy Executive Director
D. Graves GS 15

GENERAL COUNSEL OFFICE
General Counsel
R. McGuire GS 15

GRANTS OFFICE
Grants Director
R. Frederique GS 15

Financial Manager
G. Hull GS 14

IT Project Manager
B. Kelly GS 14

Compliance Manager (FY23)
Approved GS 14

Policy Manager
J. Tidwell GS 14

Policy Manager
N. Fenochietti GS 14

Policy Manager
K. Klamet GS 14

Policy Manager
Vacant GS 13-14

Policy Manager
M. Brown GS 14

Policy Manager (FY22)
T. Lewis GS 14

Attorney Advisor
A. Bohorfoush GS 14

Attorney Advisor (FY22)
Vacant GS 14

Attorney Advisor (FY22)
N. Lutz GS 14

Management Analyst
L. Schuster GS 13

Program Manager/RAS
Vacant GS 11-12

Administrative Assistant (FY23)
Approved GS 9

Sr. Grants Mgt Specialist (FY24)
Proposed GS 13-14

Grants Mgt Specialist (FY23)
Approved GS 12-13

- No New Positions FY20-FY21
- FY22 New Positions
- FY23 New Positions
- FY 24 Proposed Position

Attachment Two:
ASC Staff Responses to Board Questions
February 2023
ASC Staffing/Reorganization Proposal

ASC Staffing/Reorganization Proposal

On January 25, 2023, staff provide the Board with a draft Staffing/Reorganization Proposal which was a follow-up to the proposal sent to the Board last September. During the February 8th ASC Briefing, I gave a brief presentation on the proposal. Unfortunately, time did not allow me to provide sufficient detail or for the Board members to ask questions.

This memorandum is meant to answer any remaining questions from Board members. I plan to include the proposal on the March 8 Briefing Agenda to answer any remaining questions prior to the March 15 ASC Meeting requesting Board approval. I encourage any Board members with questions, comments, or suggestions to reach out to me as soon as possible.

The current workload is unsustainable for staff and the agency. Multiple staff members regularly work evenings, weekends, and holidays to manage their workloads. Several staff members gave up leave in 2022 due to the workload, as well. We also struggle to respond to Board requests and other agency business in a timely manner. The Annual ASC Employee Survey Overall Job Satisfaction results are the lowest they have ever been (70 percent). This is down from a 90 percent score in 2017 and an 83 percent score in 2021.

Jim Park
Executive Director
ASC

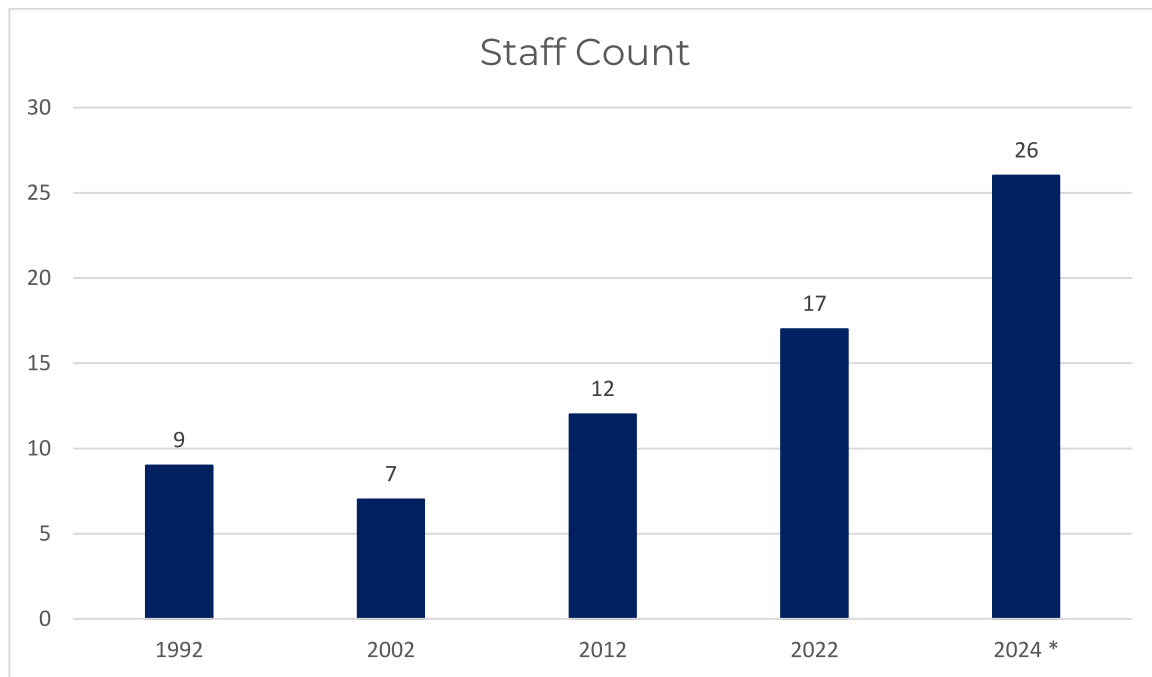
Why Does the ASC Need Such a Large Addition to Staff?

Board members have asked questions indicating concerns over the significant increase in the staff size.

The additional authority and responsibility given to the ASC through the 2010 Dodd-Frank Act (DFA) amendments to Title XI, coupled with the additional workload created by special projects such as the PAVE Task Force, Project REACH, roundtables, hearings, and rulemakings, have dramatically increased the ASC’s workload over the past few years. Since 2012, ASC staff responsibilities have increased substantially (see below), while the ASC has grown by just 5 additional staff members (the ASC had a total of 12 staff members in 2012 and a total of 17 in 2022).

Much of the increased workload has materialized in the past 3–5 years as State AMC Program oversight, the National Registry of AMCs, and the increased ASC Grants Program have taken effect. COVID-19 complications also delayed long term decisions about agency staffing and reorganization plans. The proposed increase in staff of 17 to 26, or a 53 percent increase, is significant. However, historical context should be helpful:

From 1992 - 2012, the staff grew very slowly, adding 8 staff over those 10 years.



Year	1992	2002	2012	2022	2024* (projected)
ASC Staff Count	9	7	12	17	26

- The ASC’s mission and scope remained consistent until the 2010 DFA. Since then, the agency’s workload has continually increased.
- DFA gave the ASC substantially more authority and responsibility; it also provided the added revenue needed to fund this additional work including additional staff and other resources.
- The PAVE Task Force and attention given to appraisal bias and the industry in general have increased the ASC’s workload and public profile.
- Below is a list of the most significant DFA amendments to Title XI and the subsequent impacts on the ASC. Many of these changes are long term changes to the agency and its workload.

Amendment	Agency Change/Impact
<p>DFA added State requirements that required ASC staff to change the Compliance Review process. The following underwent changes:</p> <ul style="list-style-type: none"> • Reciprocity requirements • Federal recognition of the Licensed Residential Appraiser category • Trainee/Supervisory Appraiser requirements 	<ul style="list-style-type: none"> • Changes to Compliance Review process and content (<i>long term</i>). • Increased time commitment and complexity of Reviews (<i>long term</i>). • Changes to ASC Policy Statements required (the editing process is short term, the changes in content are long term).
<p>Establish a Hotline to provide USPAP and appraiser independence referrals to the appropriate Federal and/or State agency.</p>	<ul style="list-style-type: none"> • The Hotline was established in 2013 (<i>long term</i>). <ul style="list-style-type: none"> ○ Website automated process; ○ Call center staffed by ASC staff. • Design and implementation (<i>short term</i>). • Maintenance and enhancements (<i>long term</i>).
<p>Oversight of State AMC Programs</p> <p>Added a requirement for ASC to provide oversight of State AMC Programs.</p>	<ul style="list-style-type: none"> • ASC required to establish a regulatory program to oversee State AMC Programs. • Increased time and complexity of State Reviews; only a few State AMC Programs were reviewed before COVID-19 impeded normal operations. • State Off-site Assessments and other State communications indicate that oversight of State AMC Programs will be time consuming. • Staff time for State Compliance reviews (appraiser and AMCs programs) estimated to increase between 50 and 100 percent.

Amendment	Agency Change/Impact
Establish the National Registry of Appraisal Management Companies (AMC).	<ul style="list-style-type: none"> • The ASC was required to design and build a National Registry of AMCs (<i>short term</i>). • Registry maintenance and enhancements (<i>long term</i>). • Fees to be on the Registry are also required (<i>long term</i>). • Training States and AMCs on the use of the Registry (<i>long term</i>).
Expand the ASC Grant Program to include mandatory grants to the States.	<ul style="list-style-type: none"> • Expanded grant making authority from 1 to 55 entities. • Once the added revenue from the AMC Registry was established, the ASC instituted a more robust Grants Program (<i>long term</i>). • A Grants Director position was created and filled in 2019 (<i>long term</i>). • The Grants Director is the only staff member in the Grants Program which has relied on 2-3 part time temporary staff. • The expanded Grants Program requires an increased time commitment of senior staff (<i>long term</i>). • We anticipate more grant activity now that the effects of COVID-19 are diminishing, and a new Grants Director is in place.
Added CFPB and FHFA to ASC.	<ul style="list-style-type: none"> • Larger board requires more staff support (<i>long term</i>).
ASC Meetings Required to be Public.	<ul style="list-style-type: none"> • Required changes to policies and procedures (<i>short term</i>). • Complicates meetings and creates more risk for the agency (<i>long term</i>).
<p>State Enforcement Rulemaking:</p> <ul style="list-style-type: none"> • Remove a State licensed or certified appraiser or an AMC from a national registry on an interim basis. • Impose sanctions against a State agency that fails to have an effective appraiser regulatory program. • Impose interim sanctions and suspensions against a State agency as an alternative to, or in advance of, the derecognition of a State agency. 	<ul style="list-style-type: none"> • Advisory Council convened in 2014–2015 and produced a report (<i>short term</i>). • ASC staff commented on the report including which recommendations are agreed upon and which ones are not (<i>long term</i>). • Draft Rule, Monitoring and Enforcement of State Appraiser and AMC Regulatory Programs by the ASC, currently under Board review. • New Rule will likely increase staff time to answer State questions and could require changes to the Policy Statements (<i>long term</i>).

- An increase in staff will augment the agency's bench strength, succession, and strategic planning.
- Additional staff will improve the agency's bandwidth and ability to take on planned and unplanned projects, such as the PAVE Task Force, Project REACH, ASC Roundtables, and ASC Public Hearings.

Other Board Questions

1. Does the ASC Have the Funds to Pay for the Added Staff and Other Expenses?

- The ASC has the financial resources for additional staff.
- ASC annual revenue has increased over 200 percent since FY18 (\$3.6M – \$11.6M).
- The increased personnel costs of 9 additional staff is \$1.7M annually, which is more than covered by the additional revenue.
- The ASC maintains three reserve accounts:
 - One-year operating reserve (\$5M FY23)
 - Restricted reserve (\$2.5 – Future grant commitments)
 - Cash reserve (\$18.8M increasing to \$24.5M by end of FY27)
- In 2007 – 2009, the ASC reserve surplus grew to approximately \$7M with \$1.6M in operating expenses.¹
- By the end of FY23, the ASC is projected to have \$18.8M in cash reserves (2.7 times its annual operating expenses). In addition, there is a \$5M FY23 operating reserve giving the agency \$23.3M in unapproved or obligated funds (4.7 times its annual operating expenses).
- The excess surplus became a public relations problem as stakeholders demanded to know why the ASC had such a large reserve (4 times the agency's annual operating expenses).
- Holding excess reserves is poor public policy and could, again, become a public relations problem.

2. How are Retirements factored into the Staffing/Reorganization Proposal?

- Replacing already approved positions when someone leaves the agency is not a direct part of the proposal; Board approval is not needed to replace existing positions.
- Anticipated retirements and other forms of attrition are considered in the overall proposal when it comes to the need for a staffing structure that allows for succession planning, bench strength and overall staff management.

¹ Typical operating reserves are 6 to 24 months of annual operating costs.

3. What About Potential Upcoming Information Technology (IT) Needs?

- The ASC is in a good financial position to absorb reasonable increased IT costs. Even with the additional personnel cost, almost \$700K in net income is projected for FY27.
- The cash reserve (\$18.8M) could support any large capital outlays.

4. How does the resulting executive and manager/employee ratio in the fully executed plan compare with other federal agencies of similar size?

- According to OPM, a ratio of 1:5, up to 1:12, is what they considered optimal; this does vary from agency to agency.
- The staffing proposal falls within the optimal manager to employee ratio.

5. The forecasted income and expenses included a fairly modest and static figure for future grantmaking:

- Historical State grants have come in under forecast, but we will be more aggressively marketing and creating additional grantmaking opportunities to improve State regulatory programs and promote the growth and diversity of the appraiser population.
 - The proposal includes \$2.5M in annual grants through 2027; that would be a substantial increase in grant making for the agency.
 - If demand for grants significantly exceeded \$2.5 annually, the ASC would need to determine how and if to accommodate those requests; available options include increasing the National Registry fees and lowering other expenses.

6. Consistent with the above, additional justification seems to be in order to expand from having a Grants Director to proposing that position plus a Grants Manager and a Grants Management Specialist:

- Since expansion of the Grants Program in 2020, we have relied on existing ASC staff and temporary staff to assist the Grants Director. This is inefficient, costly and creates unnecessary risk for the agency.
- The Grants Office should be staffed so that it has the resources needed for day-to-day operations and succession planning.
- The new Grants Director has reviewed the proposal and agrees with the proposal with the caveat that more staff could be needed, depending on the number of grant requests received.
- The Grants Office also manages the Technical Assistance Grants (CLEAR) which can be time consuming.
- As the State grants move into the audit phase, the Grants Office workload will increase.

- 7. Would the proposed Communications Manager position take the place of consultants that have historically been utilized in this space?**
- More than likely, yes.

Attachment Three:
ASC Staffing/Organization Proposal
March 23, 2023



**APPRAISAL
SUBCOMMITTEE**
FFIEC

Staffing & Reorganization Proposal

DRAFT version
February 2023

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1 Executive Summary

The Appraisal Subcommittee (ASC) oversees the real estate appraisal regulatory framework as it relates to federally related transactions as codified in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). In recent years, the appraisal industry and ASC have experienced unprecedented levels of national attention, change and increased responsibilities. As a result of the COVID-19 pandemic, ASC staff anticipates an increased workload in State appraiser regulatory agency oversight due to high turnover with States' regulatory staff and board members and limited oversight and interaction with ASC staff for the past 3 years.

The impact of the changes to the industry and ASC over the past few years has resulted in the Executive Director and other senior staff increasing tactical and less strategic activities. As a result of the recent changes, increased responsibilities, and staffing challenges, ASC utilized the services of an independent third-party consulting firm to administer an organizational assessment.

The results from the organizational assessment concluded that ASC is considerably understaffed. Therefore, we are requesting 9 additional staff over the next 18-24 months:

- Grants Management Specialist
- Administrative Officer
- Administrative Assistant
- Compliance Manager
- TAF Policy Manager
- Policy Manager
- Grants Manager
- Director of Administration
- Communications Manager

The ASC does not have supervisory positions (i.e., middle management) to effectively oversee the tactical resources and work assignments while supporting executive leadership. Currently, executive leadership is operating in every segment of the organization – vision setting (i.e., executive director), strategy, and tactical. The structure prohibits ASC from operating efficiently while maintaining a separation of duties and chain of command. In addition, the current organizational structure does not allow the seamless succession of future leadership for the organization. Three staff members have given notice of retirement within the next 14 months, including the Deputy Executive Director. This is a high risk to the business continuity of ASC requiring immediate action to hire new resources to meet the demands of the organization and position the organization for seamless succession.

The ASC has the financial resources to add the proposed additional staff. The investment needed to support the staffing request is \$417K in FY23, \$1.25M in FY24 \$1.53M - \$1.64M in FY25 - FY27. The investment needed for additional full-time

employees should not negatively impact the agency's operating budget or available grant funds which could remain at approximately \$2.5 million annually. Over the past 3 years, budgeted grant funds have consistently been underutilized. In addition, ASC retains a net reserve of approximately \$14.1M in cash reserves as of the end FY22. With anticipated positive net income through FY27, the cash reserves will continue to grow. When combining the net reserves with the underutilized grant funding, ASC is in a positive risk position to provide the necessary investment to obtain additional staff members.

2 Background

In general, the ASC oversees the real estate appraisal regulatory framework as it relates to federally related transactions as codified in Title XI. Title XI requires the ASC to:

- monitor the requirements established by States:
 - for the certification and licensing of individuals who are qualified to perform appraisals in connection with federally related transactions, including a code of professional responsibility; and
 - for the registration and supervision of the operations and activities of appraisal management companies (AMCs) monitor the requirements established by the Federal financial institutions regulatory agencies with respect to:
 - appraisal standards for federally related transactions under their jurisdiction; and
 - determinations as to which federally related transactions under their jurisdiction require the services of a State certified appraiser and which require the services of a State licensed appraiser
- maintain a National Registry of State certified and licensed appraisers (Appraiser Registry) who are eligible to perform appraisals in federally related transactions
- maintain a National Registry of AMCs (AMC Registry) that either are registered with and subject to supervision of a State appraiser certifying and licensing agency or are operating subsidiaries of a Federally regulated financial institution
- establish and operate an appraisal complaint national hotline, including a toll-free telephone number and email address, for the referral of complaints concerning alleged violations of appraisal independence standards and/or Uniform Standards of Professional Appraisal Practice (USPAP)
- monitor and review the practices, procedures, activities and organizational structure of the Appraisal Foundation (TAF)
- transmit an annual report to Congress not later than June 15 of each year that describes the way each function assigned to the ASC has been carried out during the preceding year.

Title XI also requires the ASC to:

- make grants in such amounts as it deems appropriate to the Foundation to help defray costs relating to the activities of the Appraisal Standards Board (ASB) and Appraiser Qualifications Board (AQB)
- make grants to State appraiser certifying and licensing agencies in accordance with policies developed by the ASC to support the efforts of such agencies to comply with Title XI, including—
 - the complaint process, complaint investigations, and appraiser enforcement activities of such agencies
 - the submission of data on State licensed and certified appraisers and AMCs to the Appraiser Registry and the AMC Registry, including information affirming that appraisers or AMCs meet required qualification criteria, and information on formal and informal disciplinary actions
- report to all State appraiser certifying and licensing agencies when a license or certification is surrendered, revoked or suspended

In recent years, the appraisal industry and ASC have experienced unprecedented levels of national attention, change and increased responsibilities such as:

- Increased scrutiny on the appraisal industry's ability to deliver fair and equitable valuation services to the public led to the establishment of the Property Appraisal and Valuation Equity (PAVE) Federal Task Force in 2021 to combat bias in the appraisal industry.
- As a result of the 2010 Dodd-Frank Act amendments to Title XI, in 2013, the ASC established the Appraisal Complaint National Hotline. Additionally, in 2018 the ASC established the AMC National Registry. Not long after the AMC National Registry was established and States began regulating AMCs, COVID-19 shut down the ASC's State Compliance Review Program. In its place, a State Off-Site Assessment (SOA) Program was implemented. For the past three years, SOAs have been completed on all 55 State programs.
- State AMC programs have an increased need for attention by the ASC Policy Managers due to new AMC oversight regulations.
- State programs are also experiencing an unprecedented rate of staff and board member turnover.
- In 2019, the ASC Grants Program was expanded. All 55 State Programs are now eligible to receive ASC grants. Fifteen State grants are currently being administered.
- Additional emphasis is needed on the ASC's requirement to monitor and review TAF.
- Increased agency rulemaking and implementation of policy updates.
- Internally, ASC has 6 current tenured employees who will be retiring (or eligible for retirement) in the next two years, including the Deputy Executive Director. Retirement of staff members poses a considerable risk in the immediate future to the business continuity and transfer of institutional knowledge of the agency.

In addition, ASC staff anticipates an increased workload in State appraiser regulatory agency oversight, due to high turnover with States' regulatory staff and board members.

The impact of the changes to the industry and ASC over the last several years has resulted in the Executive Director and other senior staff increasing tactical and less strategic activities. For example, the Executive Director is drafting, rather than delegating, correspondence to the Board and TAF. The Deputy Executive Director is drafting position descriptions for the hiring and onboarding process. The General Counsel conducts the initial legal review and research on matters that should be delegated to an Attorney Advisor. The Financial Manager and IT Manager perform administrative tasks such as help desk support for the public on the Appraisal Complaint National Hotline.

As a result of the increased workload and the existing deficit in the number of employees, ASC utilized the services of an independent third-party consulting firm to administer an organizational assessment. The agency evaluated several business drivers:

- Organizational operations
- Diversity of staff members
- Succession planning
- Workforce skills and capabilities
- Increased scrutiny in the industry
- Technology capabilities
- Stakeholder collaboration
- Current staff's ability to scale and support additional responsibilities
- Potential increase in authority and responsibilities
- Higher public profile
- Business processes and standardization

The assessment outcome identified areas requiring immediate attention due to the potential risk and impact on ASC. ASC requires additional staff to replace retiring members and provide the workforce capacity to properly serve the organizational mission due to the increased demand and responsibilities.

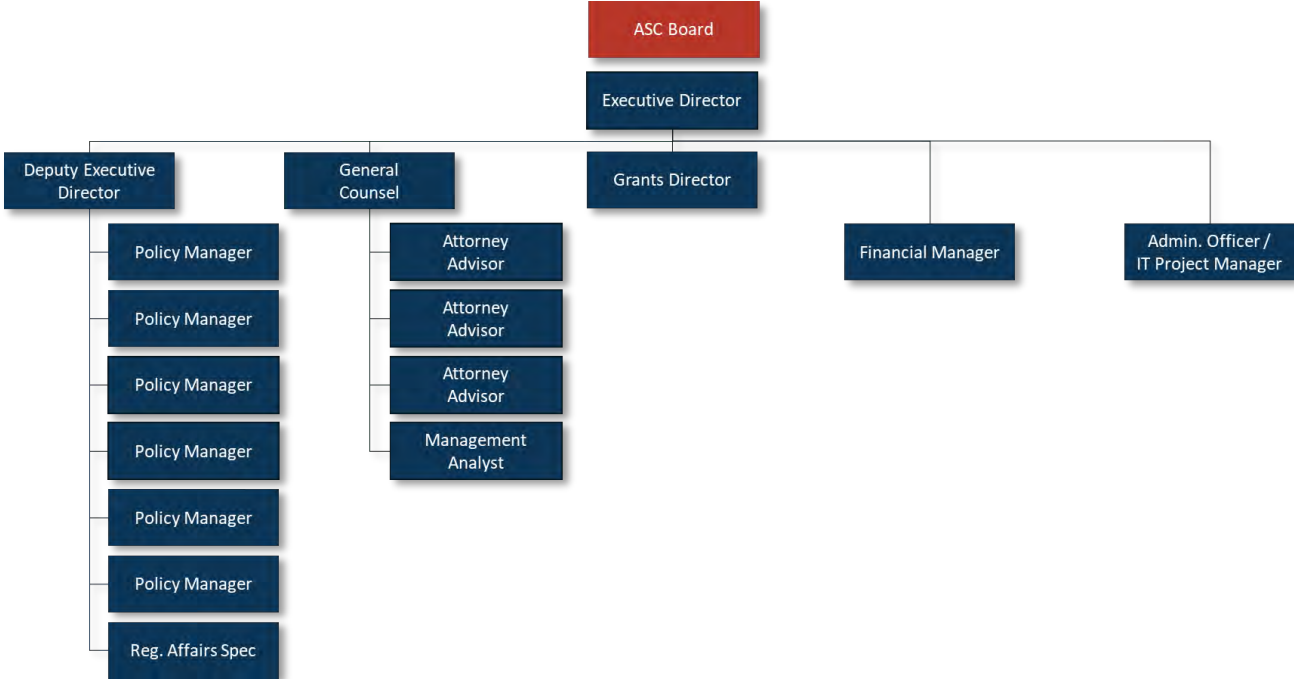
3 Current Structure

The current organizational structure of ASC does not support the efficient execution of day-to-day operations and the upcoming demands on the agency. There are considerable gaps in personnel requiring additional staff to support current work demands and balance the work activities for existing employees. There are current efforts underway to build ASC's staff capacity. For example, Sage Intacct® an

enterprise resource planning tool is under implementation, an accounting firm¹ to support the Financial Manager has been identified, and software to automate the Compliance Review process is under development. In addition, vendor support for public relations and media communication management is in place. These activities, though helpful, will not solve the challenges that ASC is currently facing, as shown in Figure 3. Best Practice Chain of Command Organizational Structure For example:

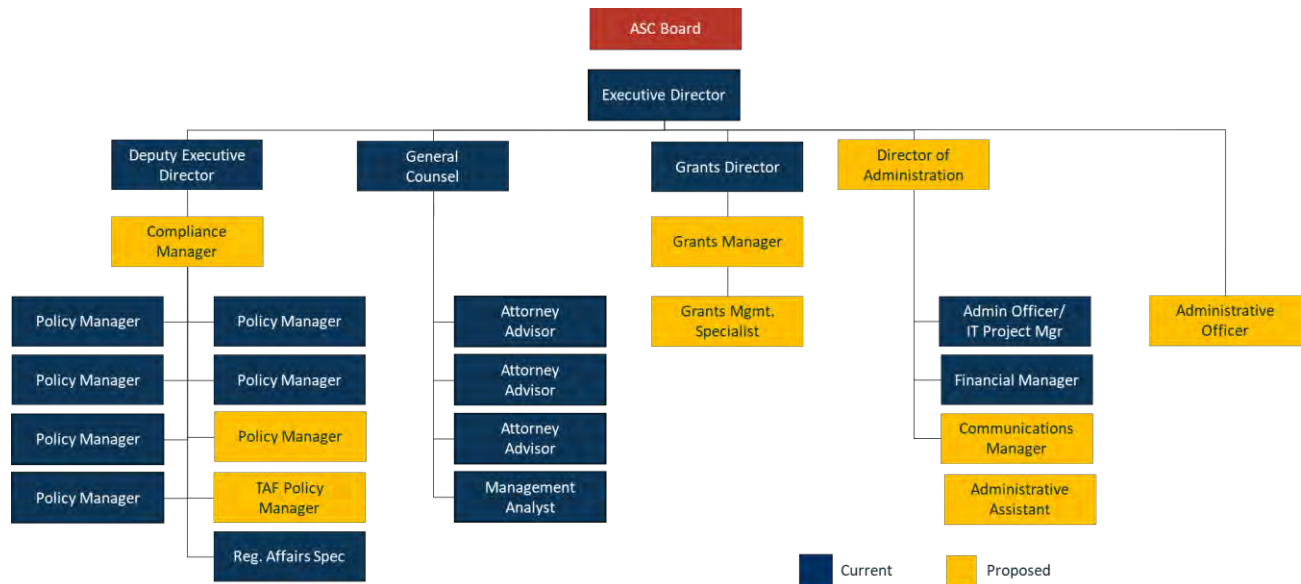
- The executive-level staff members are not able to delegate tasks because ASC does not have appropriate administrative or management support.
- The Financial Manager and Administrative Officer/IT Project Manager have no administrative support and are tasked with duties outside their main roles and responsibilities.
- There is little ability for succession planning or upward mobility.
- Direct report imbalances for the Executive and Deputy Executive Directors

Figure 1. Current Organizational Structure



¹ Staff is finalizing a contract with an accounting to firm to provide this support.

Figure 2. Proposed Organizational



1.

4 Summary Recommendations

To meet the staffing challenges that ASC is currently facing, the following positions (as outlined in Figure 2. Proposed) are required in order of priority:

- Grants Management Specialist
- Administrative Officer
- Administrative Assistant
- Compliance Manager
- TAF Policy Manager
- Policy Manager
- Grants Manager
- Director of Administration
- Communications Manager

It is highly recommended that ASC begin hiring the proposed staff members immediately. Table 1 below represents the priorities and timeline to onboard the proposed positions.

Table 1. Proposed Position by Priority

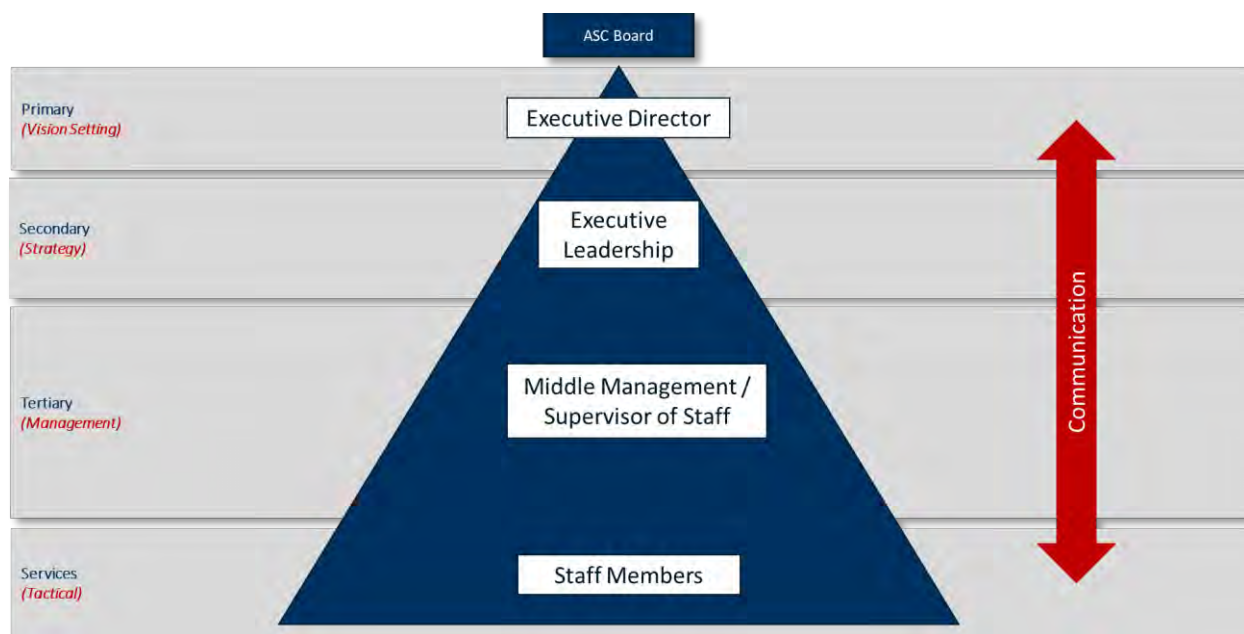
Priority	Proposed Positions	GS Level	Target Date	Position Description
<i>Proposed Positions by Priority Rating</i>				
1	Grants Management Specialist	12-13	FY23Q3	Key resource for the ASC Grants Director and Program. The individual will assist in developing, implementing, managing and evaluating a comprehensive set of grants-driven activities that advance the mission of the ASC and its initiatives. Reports to the Grants Director.
2	Administrative Officer	11-12	FY23Q3	Provides multi-faceted administrative support and assistance to ensure effective use of an executive's time and productive interactions with staff, the ASC Board and the public. Handles a wide range of administrative and support tasks and independently initiates and implements processes to manage projects, information, and people. Uses discretion, judgement, and knowledge of the organization to facilitate the executive's activities and maintain confidentiality.
3	Administrative Assistant	9-10	FY23Q3	Responsible for assisting senior staff, Finance Manager and IT Project Manager. Initially, the Administrative Assistant will report to the Deputy Executive Director and will report to the Administrative Officer when that position is filled. Duties to include answering public phone calls and emails, staffing the Hotline and other administrative duties.
4	Compliance Manager	14	FY23Q3	Manages the State and TAF compliance programs, policies, reporting, and practices. Ensures that all activities follow ASC requirements. Ensures TAF and State Programs oversight is consistent with requirements set out in Title XI and ASC Policy Statements. Evaluates and implements changes to compliance processes due to new or amended regulations. Delivers communication and training initiatives that inform stakeholders about compliance requirements. Reports to the Deputy Executive Director.
5	TAF Policy Manager	11-12	FY23Q4	Researches and develops regulatory policies and programs for review and approval by the ASC senior staff and/or the ASC to ensure that TAF is monitored and reviewed consistent with requirements set out in Title XI and ASC policies. Reports to the Deputy Executive Director. Replaces the Executive and Deputy Executive Directors who currently handle the majority of TAF oversight.
6	Policy Manager	11-12	FY23Q4	Assists with the oversight of State appraiser and AMC regulatory programs (Programs) to ensure the Programs are monitored and regulated consistent with requirements set out in Title XI and ASC Policy Statements. Assist in developing regulatory policies and programs to ensure that State appraiser licensing and certification programs and AMC registration programs are monitored and regulated consistent with requirements set out in Title XI. Reports to the Deputy Executive Director.
7	Grants Manager	14	FY24Q1	Manages all aspects of the award, oversight, and closing of ASC grants and the supervision of staff. Provides expert

Priority	Proposed Positions	GS Level	Target Date	Position Description
				advice and guidance related to Federal grants management, helps resolve complex issues related to financial and administrative characteristics of grant programs.
8	Director of Administration	15	FY24Q3	Responsible for planning, organizing, and directing all activities of the administration office to ensure the operations of the ASC are within a secure, efficient and organized work environment. Plans and directs all aspects of an organization's staff and service functions. In addition, the Director of Administration oversees administrative staff, finances, logistics, and information systems and manages a business unit, division, or corporate function with major organizational impact. Establishes overall direction and strategic initiatives for the given major function or line of business.
9	Communications Manager	13-14	FY24Q4	Manages agency's internal/external communications activities including social and print media, media relations, branding, etc. Creates, implements, and oversees communications programs that effectively describe and promote the organization and its services. Aids in the preparation of presentations and/or speeches geared toward stakeholders.

To establish an effective chain-of-command and lines of communication, ASC must restructure their organization. It is recommended that ASC maintain four (4) hierarchical levels as shown in Figure 3. Best Practice Chain of Command Organizational Structure –

- Primary, responsible solely for setting the organizational vision;
- Secondary, responsible for developing organizational strategy;
- Tertiary, to provide management, oversight, and direction to staff members; and
- Services, where the staff performs day-to-day tasks and activities.

Figure 3. Best Practice Chain of Command Organizational Structure



Restructuring enables a clear hierarchical structure that allows ASC staff to have upward mobility and a succession plan. Adding an organizational layer that segments supervisory (i.e., Tertiary) and executive responsibilities (i.e., Secondary) will provide a roadmap for succession as ASC faces a considerable number of staff members having the eligibility to retire in the coming years and/or potential attrition as staff members pursue potential opportunities with other organizations. Three ASC staff have given notice of retirement within the next 14 months. Considering possible attrition, and that recruiting and hiring can take six months, or longer, and new employees often need at least eight (8) months to reach their full productivity, the hiring process should begin as soon as possible. By adding staff members such as Compliance and Grants Managers, ASC will have a clear succession path that will develop future leaders of the organization.

The reorganization proposal also prepares the agency to take on additional authority and responsibilities if needed.

4.1 Budget Impacts

Revenue.

- o Due to deteriorating market conditions, we estimate slightly declining (1%-1.5% annually) National Registry (Appraiser and AMC) fee revenue FY24 - FY25, stabilizing in FY26-27.

Additional FTE Expenses

- o Includes salaries, fringe benefits (e.g., health insurance, retirement), travel, equipment, and supplies.

Grants

- o In FY20, the ASC approved \$14.7M in grants to the States and Appraisal Foundation through FY23².
- o Through FY22 \$2.5M has been expended.
- o Grant requests and spending may have been limited by impacts of COVID-19 and loss of Grants Director in May 2022.
- o Annual grant awards of \$2.5M are estimated for FY24- FY27.

Operating Expenses

- o 5% increase annually (anticipated inflation).

Net Income

- o Estimated to remain positive after staffing plan is fully implemented.

Reserves³

- o Operating reserves \$5M (FY23).
- o Restricted reserves \$2.5M annually (future grant commitments)
- o Unrestricted cash reserve balance to increase from \$18.8M to \$24.5M from FY23-FY27, respectively.
 - Excessive cash reserves could lead to criticism of the agency.

- ASC Appraiser and AMC National Registry fees have remained unchanged since 2012 and 2016 respectively. If needed, revenue could be maintained or increased through an increase in National Registry fees.⁴

² In FY20, a grants budget of \$785,406 was approved. The Board also approved annual grant commitments of \$4,650,000 (FY21-FY23) totaling \$14.7M.

³ Operating reserves are equivalent to one year of operating expenses. Restricted reserves are funds retained for future grant commitments. Unrestricted or cash reserves are available to be used for any purpose allowable under Title XI.

⁴ Appraiser Registry fees are currently \$40 annually and could be raised up to \$80. AMC Registry fees are currently \$25 per appraiser on the AMC panel who completed a covered transaction each year. This fee could be raised up to \$50.

Figure 4. Gross Revenue to Personnel Expenses

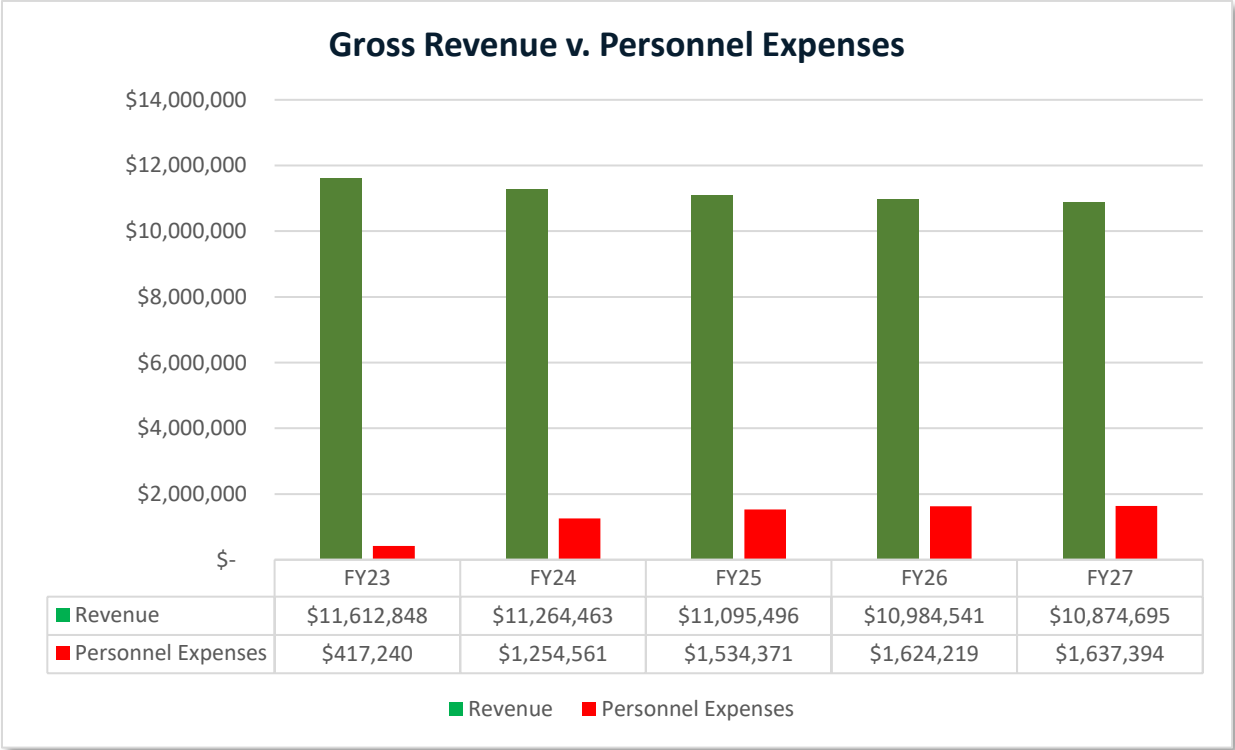


Figure 4 illustrates the relationship between the projected declines in Gross Revenue due to declining mortgage lending activity and resulting potential declines in appraisers and AMCs on the National Registries and projected increases in personnel expenses.

Figure 5. Ratio of Added Personnel to Total Operating Expenses

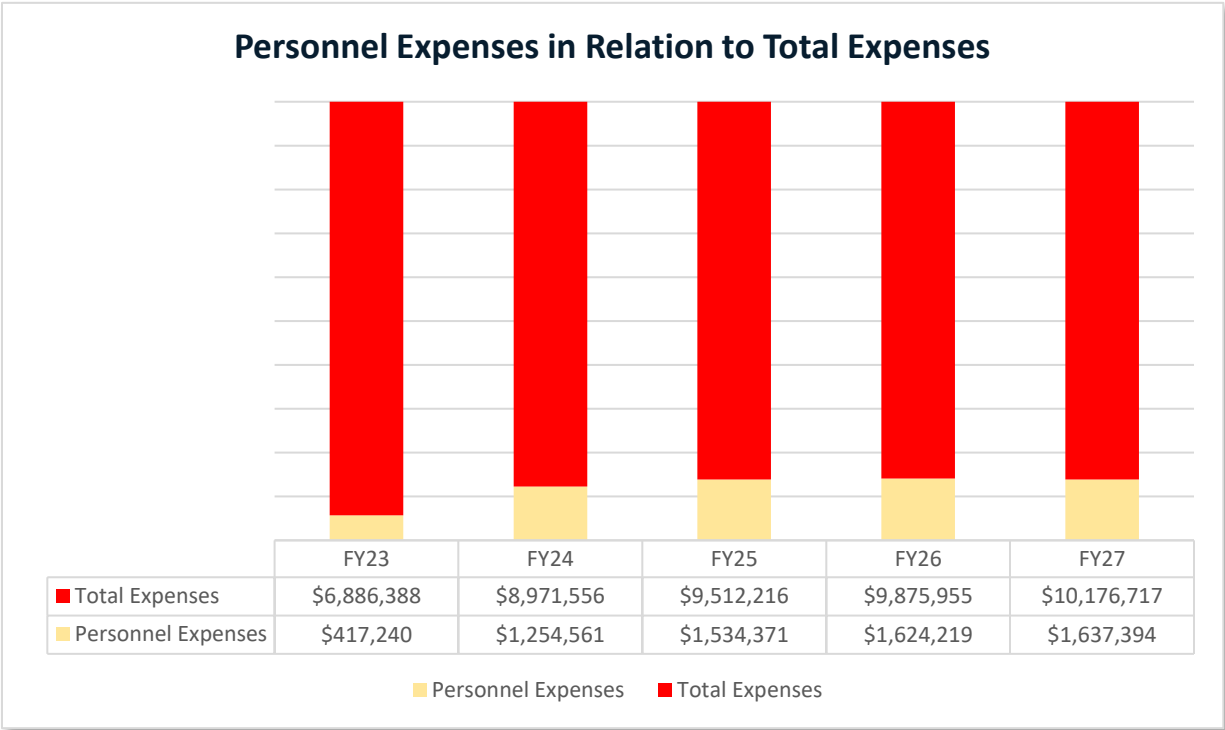


Figure 5 illustrates the limited impact of the added personnel expenses as compared to total expenses.

Figure 6. Gross Revenue v. Operating Expenses

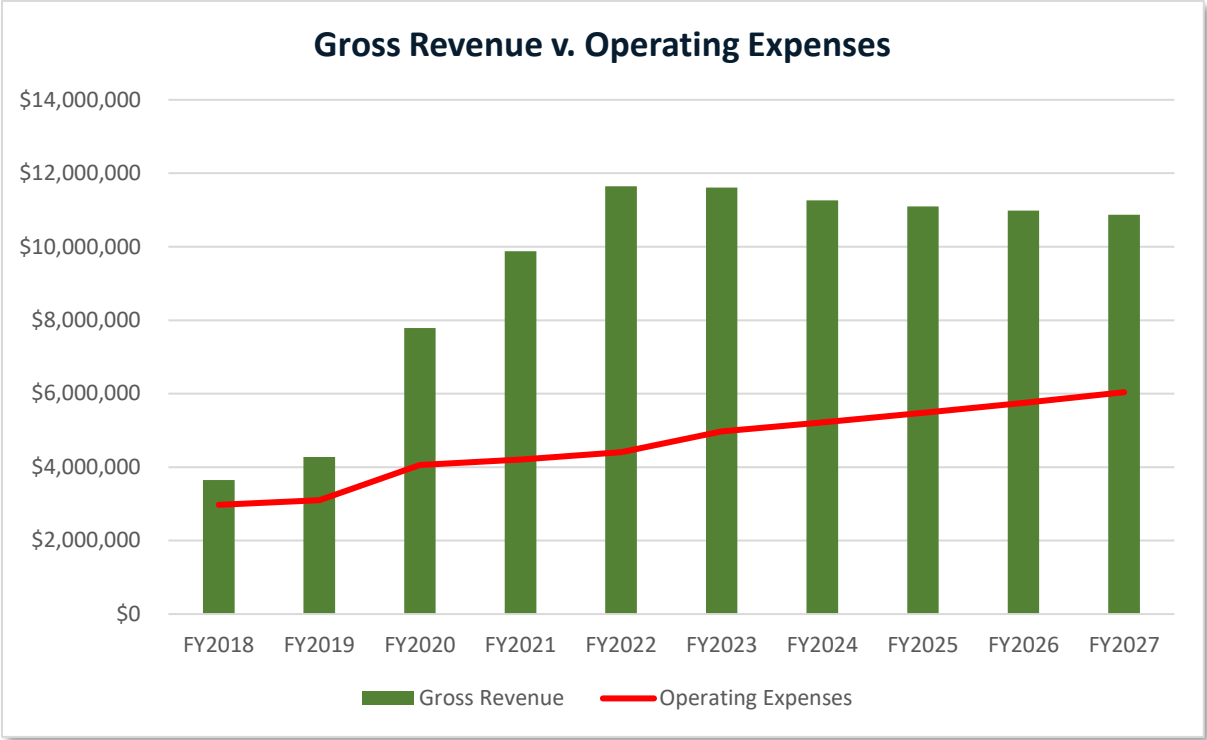


Figure 7 illustrates Gross Revenue v. Operating Expenses. Since FY2018 when the AMC Registry was opened, Gross Revenue has increased over 200%. This substantial revenue increase provides the funding needed to support the requested personnel increase.

Figure 7. Gross Revenue v. Net Income (projected)

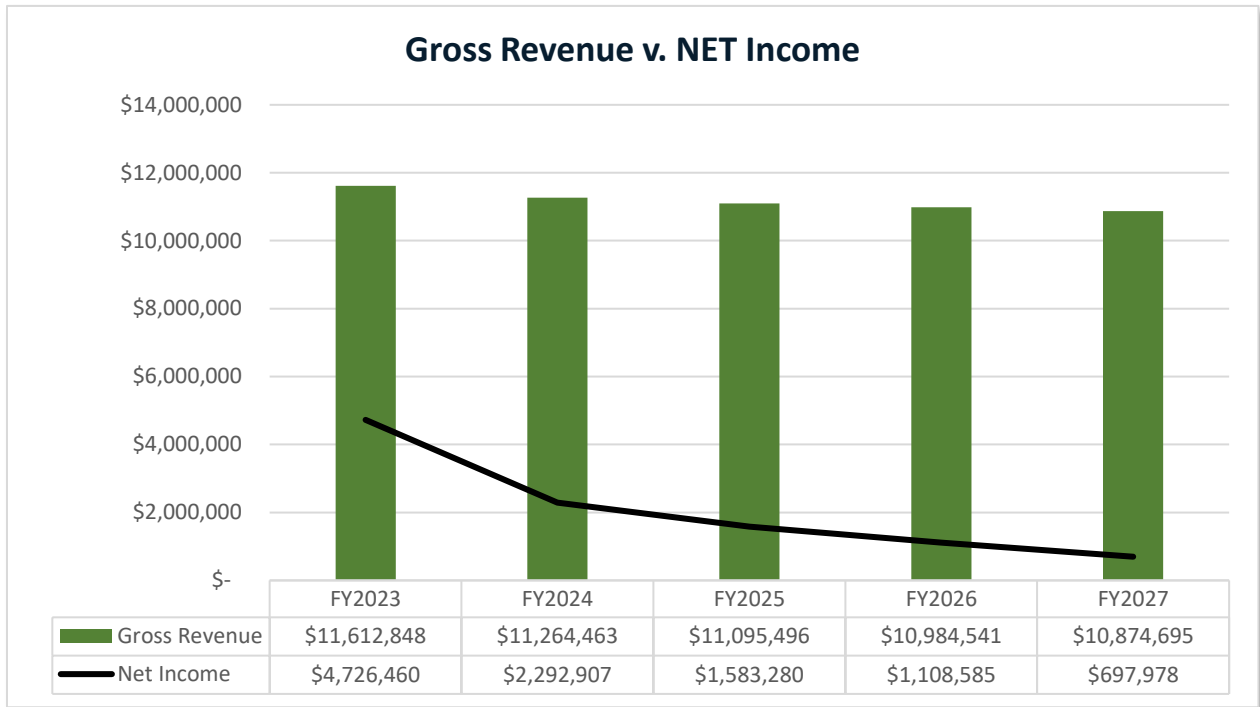


Figure 8 and Table 2 illustrate the relationship between projected Gross Revenue and declining Net Income due to increasing personnel expenses. Although Net income drops significantly from FY2023 to FY2027, revenue remains well above expenses. It also lessens the increases to the unrestricted reserve.

Table 2. 5-Year Financial Projections (FY23 – FY27)

	FY2023	FY2024	FY2025	FY2026	FY2027
Gross Revenue	\$ 11,612,848	\$ 11,264,463	\$ 11,095,496	\$10,984,541	\$ 10,874,695
Operating Expenses	\$ 4,969,148	\$ 5,216,995	\$ 5,477,844	\$ 5,751,737	\$ 6,039,323
Projected Grants	\$ 1,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Personnel Expenses	\$ 417,240	\$ 1,254,561	\$ 1,534,371	\$ 1,624,219	\$ 1,637,394
Total Expenses	\$ 6,886,388	\$ 8,971,556	\$ 9,512,216	\$ 9,875,955	\$ 10,176,717
Net Income	\$ 4,726,460	\$ 2,292,907	\$ 1,583,280	\$ 1,108,585	\$ 697,978

5 Current Position Descriptions

The following table represents the current positions within ASC.

Table 3. Current Position Descriptions

Current Positions	GS Level	Position Description
Executive Director (Jim Park)	SL	Serves as the Chief Executive Officer of the ASC. Responsible for planning, organizing, and directing the activities of the Appraisal Subcommittee to meet the objectives set forth in the ASC's Strategic Plan. Liaises with various stakeholders including, State appraisal regulatory agencies, federal agencies and departments, Congress, the press, TAF and other stakeholders.
Deputy Executive Director (Denise Graves)	15	Responsible for planning, organizing and directing the State and TAF Compliance Review program, including coordinating program operations; monitoring the Compliance Review process for possible improvement and efficiencies; planning annual field review schedules and priorities; and assigning team leaders and members. Responsible for promoting consistency across State reviews, addressing emerging trends, assessing compliance with ASC objectives, and maintaining performance measures. Serves as the Executive Director in their absence. Supervises and reviews the work product of six (6) Policy Managers and one (1) regulatory affairs specialist.
General Counsel (Vacant, in process)	15	Serves as the senior legal adviser to the ASC Executive Director, Board Members, and staff rendering legal advice on statutes, rules, policies, and other requirements that govern the operations of the ASC and the regulatory framework of the appraisal industry. Serves as the ASC's Designated Agency Ethics Officer. Supervises and reviews the work product of three (3) Attorney Advisors and one (1) Management and Program Analyst.
Grants Director (Tentative offer accepted)	15	Responsible for planning, organizing, and directing all aspects of grant awards, oversight, closing of ASC grants, audits and the supervision of staff. Provides ASC with expert advice and guidance related to Federal grants management, helps resolves complex issues related to financial and administrative characteristics of grant programs and cooperative agreements
Policy Managers (6) (Jenny Tidwell, Kristi Klamet, Neal Fenochietti, Claire Brooks, Maria Brown, Tom Lewis)	13-14	Leads and/or participates in an ASC team reviewing the State appraiser and AMC regulatory programs (Programs) to ensure the Programs are monitored and regulated consistent with requirements set out in Title XI and ASC Policy Statements. Develops regulatory policies and programs for review and approval by the ASC senior staff and/or the ASC.
Regulatory Affairs Specialist (Vacant, in process)	11-12	Researches and develops regulatory policies or programs for review and approval by the Compliance Manager and senior staff to ensure that State licensing and certification programs are monitored and regulated consistent with Title XI and ASC Policy Statements. Respond to inquiries from State officials and the public regarding various ASC functions. Maintains files, databases, and archives of relevant records. Maintains and analyzes data collected from States for use in various analytical studies and research projects. Create reports and spreadsheets to be used by staff.

Current Positions	GS Level	Position Description
Financial Manager (Girard Hull)	14	Manages all aspects of the agency financial operations and practices which includes Budget, Grants and Accounting activity. Responsible for designing, developing, implementing, and interpreting financial management policies, procedures, and practices. Manages financial activities associated with negotiation, award, and administration of grants and cooperative agreements. Works with various federal agencies including GSA, OMB, USDA, and Treasury.
Management and Program Analyst (Lori Schuster)	13	Provides analytical support to the General Counsel in reviewing, analyzing, and editing various documents, including correspondence, memorandum, policy, legislation, regulations, and Policy Statements. Assist in planning and/or conducting broad and/or in-depth special studies. Assist in the preparation of reports of findings and make recommendations for implementation of new or modified guidelines, work processes, and operations, in order to maintain and improve the effectiveness and efficiency of program areas and achieve program objectives. Serve as Contracting Officer (COR) administering basic ordering agreements and ensures compliance with policies and procedure. Prepare solicitation documents which incorporate required Federal Acquisition Regulations (FAR).
Administrative Officer- IT Project Manager (Brian Kelly)	14	Responsible for providing project management, expertise and support in the functional area of information systems and ASC National Registries. Manages the daily operation of the National Registries and Appraiser Complaint National Hotline. Supports creation and management of information systems and other critical aspects of infrastructure. Works with internal and external resources to design and propose future IT systems that enhance/redevelop current state functionalities, design, and architecture.
Attorney Advisor (Juan Burgos, Natalie Lutz, Ada Bohorfoush)	14	Assists the General Counsel in providing legal counsel and advice to the ASC Executive Director, Board and staff on major policy issues and matters that concern administrative and operational problems, conflicts of interest, rules of conduct, statements of financial interest, and other legal matters. Duties include interpreting statutes, regulations, policy issuances and judicial decisions pertaining to the activities of the ASC and the real estate appraisal regulatory system. Responsible for analyzing the laws and regulations of the States and territories governing appraiser licensing, certification, and supervision for their consistency with Title XI. Statutes and regulations frequently interpreted and/or applied include Title XI, Freedom of Information Act; Administrative Procedures Act, Federal Acquisition Regulations, Office of Management and Budget directives and grant funding requirements, as well as U.S. Office of Personnel Management regulations and directives concerning the employment of government personnel. Writing and editing products that articulate, interpret, and explain a variety of subjects, and providing a full range of editorial support to the General Counsel.

Table 4. Prior Approved Positions

Positions	GS Level	Position Description
Administrative Officer	N/A	In 2012, during a reorganization, this Administrative Officer position was vacated, and the duties were absorbed into two new positions, the Regulatory Affairs Specialist, and Administrative Assistant. This is no longer an active position.
Administrative Assistant	N/A	In 2016, the Administrative Assistant position was vacated. The duties consisted of manning the front desk and answering telephones. The Administrative Assistant duties were absorbed into other positions. The position is now obsolete, thus, it is no longer an active position.

Attachment Four:
GSA TTS Centers of Excellence Slide Deck

August 2023

Accelerating Modernization Across Government



IT MODERNIZATION
Centers of Excellence

About the Centers of Excellence

As part of GSA's Technology Transformation Services, the CoE initiative accelerates IT modernization at federal agencies by leveraging private sector innovation and government services while centralizing best practices and expertise for holistic transformation.

The CoE leverages commercially available solutions and expertise from industry to deliver enterprise transformation initiatives in partnership with agencies.

Codified into Law

The CoE was codified into law in Dec. 2020 with the signing of the Information Technology Modernization Centers of Excellence Program Act (HR 5901), providing a path for future agencies leverage an expert and trusted partner in their technology modernization efforts.



You May Already Know Us



We design and deliver a **digital government** with and for the American public.

You May Already Know Us....

ADVISORY & DELIVERY



Presidential
Innovation Fellows

18F

18F



Centers of
Excellence

PRODUCTS & PLATFORMS



Challenge.
gov



USWDS



Bug
Bounty



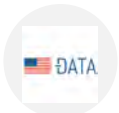
Cloud.
gov



FedRAMP



Login.
gov



Data.
gov



Search.
gov



USA.
gov



Digital.
gov



10x



Federalist



Six Centers to Accelerate IT Modernization

Six Centers of Excellence to accelerate IT modernization at federal agencies by leveraging private sector innovation and government services while centralizing best practices and expertise.

Supporting Practice Areas

CoE Practice Areas work in conjunction with all CoE projects led by our six Centers and by offering stand-alone services to help our partners meet their modernization goals. Practice Areas offer services and expertise that are integral to the acceleration of effective, holistic transformation.



Why Work With Us

Why Work With Us

We're experienced industry experts

A dedicated team of top talent, with public and private sector experience in modern capabilities.

Fellow Feds so we're looking after you

We have a sustained success mindset: we enable partner agencies to support their own technology modernization

Fast track acquisitions

We operate with partners through the co-creation of an IAA (Inter-agency Agreement), leveraging GSA's acquisition services.



Team Structure

The teams are intentionally designed to have a unique blend to deliver innovative solutions leveraging best practices and multiple perspectives.

CoE Leads

GSA employees provide leadership, subject matter expertise



CoE Engagement Team Structure



Industry Partners

Industry Partners provide technical expertise, best practices, and resources

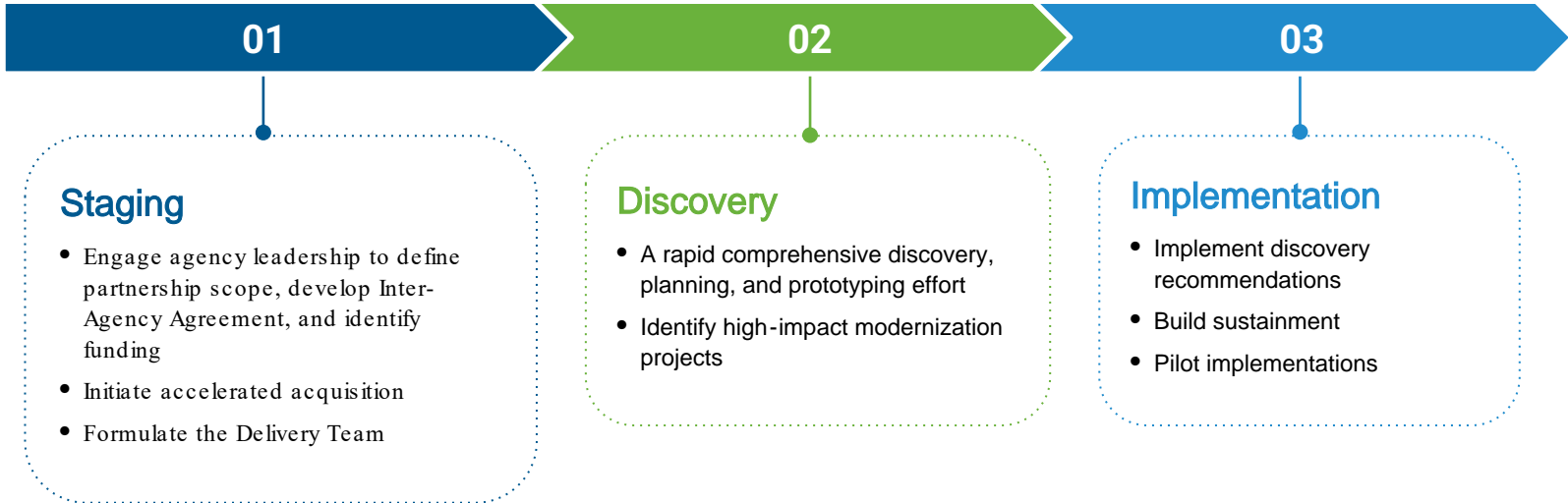


Champions & Detailees

Agency members provide understanding + of the Agency- processes



A Phased Approach



Fast Track Acquisition

Internal Vehicles

- Partner agencies get the benefit of using our dBPA to get their work quickly off the ground
- An agile vehicle that brings industry to fill your need in <90 days

Full Service Acquisition

- GSA Acquisition experts fully take care of procurement (market research, PWS, IGCE to RFQ & onboarding)
- We staff all the subject matter experts to make it easy
- Our Acquisition handles industry engagement and awarding to make acq. turn key

Acquisition Experts

- We can train and support your acquisition team offering workshops on topics such as: contract optimization, re-bidding, and agile procurement.



How to Get Started

Getting Started is Quick and Easy

Because clients are working through an IAA (Inter-agency Agreement), the acquisition process is much faster and less risky than working through private industry. CoE's 5-step acquisition process:



IAA First Draft

Client Reviews

CoE GC Approves

Client Signs

Final Signatures

CoE sends first draft of IAA to client. IAA includes the SOW \$ amount and client signatories.

Client reviews (Parts A, B, Scope and signatories), inputs accounting information and sends back to CoE

CoE's General Counsel reviews, confirms and sends back to client

Client reviews and signs and sends back to CoE

CoE routes through for final GSA signatures



Up and Running!

Access solutions through **CoE's experts and 22 pre-approved private industry partners**

From start to finish can be as little as **2 weeks**



Who We Work With

Who We Work With

CoE partners with many organizations at the agency -wide level to deliver impactful results, including:



Attachment Five:
FY24 Proposed Budget vs FY19 Actual
Budget

ASC FY24 Proposed vs FY19 Operating Budget

FY24 Proposed Budget vs FY19 Actual Budget		Proposed Budget	Approved Budget	FY19	\$ Diff FY19 Budg	% Diff. FY19	\$ Diff FY24 Prop. Budg.	% Diff FY24 Prop. Budg.	\$ Diff FY24 Budg	% Diff FY24 Budg
Estimated Revenues:		FY24	FY19	Actual	vs. FY19 Actual	Budg. Vs. Actual.	vs. FY19 Budg.	vs. FY19 Budg.	vs. FY19 Actual.	vs. FY19 Actual.
Appraiser Registry Fees	\$ 3,780,000	\$ 3,800,200	\$ 3,792,666	\$ (7,534)	-0.2%	\$ (20,200)	-0.53%	\$ (12,666)	-0.3%	
Less: 25% Pay-Go Requirement	\$ 354,375	\$ 352,825	\$ 347,970	\$ (4,855)	-1.4%	\$ 1,550	0.44%	\$ (6,405)	-1.8%	
AMC Registry Fees	\$ 7,842,987	\$ -	\$ 833,325	\$ 833,325	-	\$ 7,842,987	0.00%	\$ 7,009,662	841.2%	
Total Revenues	\$ 11,268,612	\$ 3,447,375	\$ 4,278,021	\$ 830,646	24.10%	\$ 7,821,237	226.88%	\$ 6,990,591	163.4%	
Expenses:										
Personnel Compensation:										
Salaries	\$ 3,068,880	\$ 1,748,399	\$ 1,670,796	\$ (77,603)	-4.4%	\$ 1,320,481	75.5%	\$ 1,398,084	83.7%	
Personnel Benefits	\$ 1,135,486	\$ 517,146	\$ 532,154	\$ 15,008	2.9%	\$ 618,340	119.6%	\$ 603,332	113.4%	
Cash Awards	\$ 48,345	\$ 36,025	\$ 34,794	\$ (1,231)	-3.4%	\$ 12,320	34.2%	\$ 13,551	38.9%	
Training	\$ 15,000	\$ 10,000	\$ 625	\$ (9,375)	-93.8%	\$ 5,000	50.0%	\$ 14,375	2300.0%	
Total Compensation:	\$ 4,267,711	\$ 2,311,570	\$ 2,238,369	\$ (73,201)	-3.2%	\$ 1,956,141	84.6%	\$ 2,029,342	90.7%	
Transportation of Things:	\$ -	\$ 925	\$ 1,217	\$ 292	31.6%	\$ (925)	-100.0%	\$ (1,217)	-100.0%	
Special Projects:										
Dodd-Frank Hotline	\$ -	\$ 60	\$ -	\$ (60)	-100.0%	\$ (60)	-100.0%	\$ -	-	
Travel:										
Compliance Review	\$ 114,256	\$ 104,780	\$ 95,610	\$ (9,170)	-8.8%	\$ 9,476	9.0%	\$ 18,646	19.5%	
Supervising - Training/Compliance/Others	\$ 23,874	\$ 15,210	\$ 6,847	\$ (8,363)	-55.0%	\$ 8,664	57.0%	\$ 17,027	248.7%	
Follow-up Review	\$ 15,348	\$ 3,380	\$ 2,629	\$ (751)	-22.2%	\$ 11,968	354.1%	\$ 12,719	483.8%	
Priority Contact/EWS	\$ 10,232	\$ 15,210	\$ 7,893	\$ (7,317)	-48.1%	\$ (4,978)	-32.7%	\$ 2,339	29.6%	
Meetings										
AARO Conferences (Spring)	\$ 17,053	\$ 15,210	\$ 13,739	\$ (1,471)	-9.7%	\$ 1,843	12.1%	\$ 3,314	24.1%	
Policy Managers & All Staff Meetings (w/AARO Fall)	\$ 13,642	\$ 6,760	\$ 11,263	\$ 4,503	66.6%	\$ 6,882	101.8%	\$ 2,379	21.1%	
All Staff Meeting	\$ 34,106	\$ 6,760	\$ 7,603	\$ 843	12.5%	\$ 27,346	404.5%	\$ 26,503	348.6%	
Other Trips										
Industry Meetings	\$ 3,411	\$ -	\$ -	\$ -	0.0%	\$ 3,411	0.0%	\$ 3,411	-	
Appraisal Foundation Meetings (ASB, AQB, BOT, TAFAC, IAC)	\$ 27,285	\$ 21,970	\$ 17,564	\$ (4,406)	-20.1%	\$ 5,315	24.2%	\$ 9,721	55.3%	
State Regulatory Training	\$ 20,464	\$ 8,450	\$ 6,023	\$ (2,427)	-28.7%	\$ 12,014	142.2%	\$ 14,441	239.8%	
ARELLO Mid-Year and Annual Conference	\$ 1,705	\$ -	\$ -	\$ -	0%	\$ 1,705	0.0%	\$ 1,705	-	
Speaking engagements	\$ 13,642	\$ 8,450	\$ 5,822	\$ (2,628)	-31.1%	\$ 5,192	61.4%	\$ 7,820	134.3%	
Staff Travel to DC	\$ 30,696	\$ 13,520	\$ 24,414	\$ 10,894	80.6%	\$ 17,176	127.0%	\$ 6,282	25.7%	
New Staff Onboarding	\$ 40,927	\$ 3,380	\$ -	\$ (3,380)	-100.0%	\$ 37,547	1110.9%	\$ 40,927	-	
Grants Monitoring & Technical Assistance	\$ 10,232	\$ -	\$ -	\$ -	-	\$ 10,232	0.0%	\$ 10,232	-	
Miscellaneous (add'l mtgs, trainings, etc)	\$ -	\$ 8,450	\$ 10,942	\$ 2,492	29.5%	\$ (8,450)	-100.0%	\$ (10,942)	-100.0%	
Car Rental & Local Travel	\$ 3,155	\$ 5,960	\$ 4,269	\$ (1,691)	-28.4%	\$ (2,805)	-47.1%	\$ (1,114)	-26.1%	
Total Travel:	\$ 380,029	\$ 237,490	\$ 214,618	\$ (22,872)	-9.6%	\$ 142,539	60.0%	\$ 165,411	77.1%	
Rent, Comm., & Utilities:										
Rent	\$ 9,155	\$ 7,500	\$ 8,364	\$ 864	11.5%	\$ 1,655	22.1%	\$ 791	9.5%	
Telephone Service (incl. office & cell phones)	\$ 46,200	\$ 31,350	\$ 29,189	\$ (2,161)	-6.9%	\$ 14,850	47.4%	\$ 17,011	58.3%	
Postal service	\$ -	\$ 250	\$ 114	\$ (136)	-54.4%	\$ (250)	-100.0%	\$ (114)	-100.0%	
WestLaw	\$ 17,145	\$ 11,930	\$ 11,242	\$ (688)	-5.8%	\$ 5,215	43.7%	\$ 5,903	52.5%	
Storage Space Facility	\$ 4,660	\$ 2,316	\$ 3,190	\$ 874	37.7%	\$ 2,344	101.2%	\$ 1,470	46.1%	
Staff Local travel	\$ -	\$ 5,665	\$ 612	\$ (5,053)	-89.2%	\$ (5,665)	-100.0%	\$ (612)	-100.0%	
Parking	\$ -	\$ 925	\$ 260	\$ (665)	-71.9%	\$ (925)	-100.0%	\$ (260)	-100.0%	
Total Rent, Comm, Utilities:	\$ 77,159	\$ 59,936	\$ 52,971	\$ (6,965)	-11.6%	\$ 17,223	28.7%	\$ 24,188	45.7%	
Printing and Reproduction:										
Federal Register/CFR	\$ 25,000	\$ 12,000	\$ -	\$ (12,000)	-100.0%	\$ 13,000	108.3%	\$ 25,000	0.0%	
Copying	\$ 1,000	\$ 1,000	\$ 1,444	\$ 444	44.4%	\$ -	0.0%	\$ (444)	-30.7%	
Printing	\$ 12,330	\$ 14,035	\$ 67,325	\$ 53,290	379.7%	\$ (1,705)	-12.1%	\$ (54,995)	-81.7%	
Total Printing & Copying:	\$ 38,330	\$ 27,035	\$ 68,769	\$ 41,734	154.4%	\$ 11,295	41.8%	\$ (30,439)	-44.3%	
Contracted Services:										
GSA/OPM	\$ 481,035	\$ 117,225	\$ 124,761	\$ 7,536	6.4%	\$ 363,810	310.4%	\$ 356,274	285.6%	
OPM Annual Employee Survey	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	
Organizational Review Follow-Up	\$ 75,000	\$ -	\$ -	\$ -	0.0%	\$ 75,000	0.0%	\$ 75,000	0%	
Annual audit of ASC	\$ 41,195	\$ 32,350	\$ 32,350	\$ -	0.0%	\$ 8,845	27.3%	\$ 8,845	27.3%	
Review of AF Grant	\$ -	\$ 8,350	\$ 8,350	\$ -	-	\$ -	0.0%	\$ (8,350)	-	
ERP (Enterprise Resource Planning/Acctg system)	\$ 12,000	\$ -	\$ -	\$ -	0.0%	\$ 12,000	0.0%	\$ 12,000	0.0%	
Accounting Support	\$ 50,000	\$ -	\$ -	\$ -	0.0%	\$ 50,000	0.0%	\$ 50,000	0.0%	
FDMS	\$ 11,290	\$ 5,500	\$ 5,454	\$ (46)	-0.8%	\$ 5,790	105.3%	\$ 5,836	107.0%	
AMC Registration and Supervision/Investigator Training	\$ -	\$ 10,000	\$ -	\$ (10,000)	-100.0%	\$ (10,000)	-100.0%	\$ -	0.0%	
Round Table Logistics Planner	\$ -	\$ 10,000	\$ 10,000	\$ -	0.0%	\$ (10,000)	-100.0%	\$ (10,000)	-100.0%	
Grants - Technical Assistance Contract	\$ 235,000	\$ -	\$ -	\$ -	-	\$ 235,000	0.0%	\$ 235,000	0.0%	
Administration of CLEAR courses	\$ 163,840	\$ -	\$ -	\$ -	-	\$ 163,840	0.0%	\$ 163,840	0.0%	
Strategic Communications	\$ 200,000	\$ -	\$ -	\$ -	-	\$ 200,000	0.0%	\$ 200,000	0.0%	
Total Contracted Services:	\$ 1,274,360	\$ 188,425	\$ 185,915	\$ (2,510)	-1.3%	\$ 1,094,285	580.8%	\$ 1,088,445	585.5%	
IT Services										
IT Contracted Services:										
IT Contracted Services (Website hosting, DNS, firewall, etc.)	\$ 53,100	\$ 163,220	\$ 144,412	\$ (18,808)	-11.5%	\$ (110,120)	-67.5%	\$ (91,312)	-63.2%	
IT Vendor (CLIN 1) - FFP (4 mos.)	\$ 165,555	\$ -	\$ -	\$ -	0.0%	\$ 165,555	0.0%	\$ 165,555	0.0%	
IT Vendor (CLIN 2) - T&M Labor	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	
IT Vendor (CLIN 3) - Travel (4 mos.)	\$ 667	\$ -	\$ -	\$ -	0.0%	\$ 667	0.0%	\$ 667	0.0%	
IT Vendor (CLIN 4) - ODC (4 mos.)	\$ 2,667	\$ -	\$ -	\$ -	0.0%	\$ 2,667	0.0%	\$ 2,667	0.0%	
IT Vendor (CLIN 5) - CONTRACT ACCESS FEE	\$ 7,348	\$ -	\$ -	\$ -	0.0%	\$ 7,348	0.0%	\$ 7,348	0.0%	
Total Contracted IT Services:	\$ 229,337	\$ 163,220	\$ 144,412	\$ (18,808)	-11.5%	\$ 66,117	40.5%	\$ 84,925	58.8%	
License Renewals	\$ 32,950	\$ 11,450	\$ 12,329	\$ 879	7.7%	\$ 21,500	187.8%	\$ 20,621	167.3%	
Hardware	\$ -	\$ 25,500	\$ 1,750	\$ (23,750)	-	\$ -	-	\$ -	-	
Miscellaneous IT: Network Equipment	\$ 10,000	\$ -	\$ 7,610	\$ 7,610	0.0%	\$ 10,000	0.0%	\$ 2,390	31.4%	
IT Projects:										
Unique Identifier Number/ SOAP State Consultation	\$ -	\$ 21,000	\$ 13,815	\$ (7,185)	-34.2%	\$ (21,000)	-100.0%	\$ (13,815)	-100.0%	
ASC Database Enhancements (AMC Registry)	\$ -	\$ 36,000	\$ 60,879	\$ 24,879	69.1%	\$ (36,000)	-100.0%	\$ (60,879)	-100.0%	
Total IT Projects:	\$ -	\$ 57,000	\$ 74,694	\$ 17,694	31.0%	\$ (57,000)	-100.0%	\$ (74,694)	-100.0%	
Total IT Services and Projects:	\$ 272,287	\$ 257,170	\$ 240,795	\$ (16,375)	-6.4%	\$ 15,117	5.9%	\$ 31,492	13.1%	
Supplies and Materials:										
Miscellaneous:	\$ 20,350	\$ 15,115	\$ 15,637	\$ 522	3.5%	\$ 5,235	34.6%	\$ 4,713	30.1%	
Depreciation	\$ 342,684	\$ 135,773	\$ 135,342	\$ (431)	0%	\$ -	0.0%	\$ 207,342	153.2%	
Total Operating Budget	\$ 6,710,357	\$ 3,238,514	\$ 3,157,914	\$ (80,600)	-2.5%	\$ 3,471,843	107.2%	\$ 3,552,443	112.5%	
Federal Grants:										
AF Grant	\$ 250,000	\$ 350,000	\$ 290,536	\$ (59,464)	-17%	\$ (100,000)	-28.6%	\$ (40,536)	-14.0%	
State Grants	\$ 2,025,000	\$ 278,000	\$ 278,000	\$ -	0%	\$ 1,747,000	628.4%	\$ 1,747,000	628.4%	
Total Federal Grants	\$ 2,275,000	\$ 628,000	\$ 568,536	\$ (59,464)	-9%	\$ 1,647,000	262.3%	\$ 1,706,464	300.2%	
Total Expenses	\$ 8,985,357	\$ 3,867,499	\$ 3,726,450	\$ (141,049)	-4%	\$ 5,117,858	132.3%	\$ 5,258,907	141.1%	
Net Income	\$ 2,283,256	\$ (420,124)	\$ 551,571	\$ 971,695	-231%	\$ 2,703,380	-643.5%	\$ 1,731,685	314.0%	

Proposed Enforcement Rule

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

Appraisal Subcommittee

12 CFR Part 1102

[Docket No. ASXX-XX]

**Enforcement Authority over State Appraiser and Appraisal Management Company
Regulatory Programs by the Appraisal Subcommittee**

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

ACTION: Notice of proposed rulemaking.

SUMMARY: The Appraisal Subcommittee (ASC) monitors and enforces federal minimum requirements for State appraiser regulatory programs (Appraiser Programs) in State Agencies that license, certify, and supervise licensed or certified appraisers who are authorized to perform appraisals in connection with federally related transactions. The ASC also monitors and enforces federal minimum requirements for State appraisal management company (AMC) regulatory programs (AMC Programs) in State Agencies that register and supervise AMCs. The ASC proposes a rule that would implement the ASC's enforcement authority over Appraiser and AMC Programs by setting forth potential enforcement actions that the ASC may take against a State Agency as well as mitigating and aggravating factors in determining the appropriate enforcement action. Additionally, the proposed rule would codify existing procedures governing interim action proceedings. The ASC seeks comment on all aspects of the proposed rule.

DATES: Comments must be received on or before [INSERT DATE 60 DAYS FROM DATE OF PUBLICATION in the FEDERAL REGISTER].

ADDRESSES: Commenters are strongly encouraged to submit comments either through the Federal eRulemaking Portal or by email, if possible. You may submit comments, identified by Docket Number **ASXX-XX**, by any of the following methods:

- Federal eRulemaking Portal: <https://www.regulations.gov>. Follow the instructions for submitting comments.
- E-Mail: webmaster@asc.gov. Include the docket number in the subject line of the message.
- Mail/Hand Delivery/Courier: Address to Appraisal Subcommittee - FFIEC, Attn: Lori Schuster, Management and Program Analyst, 1325 G Street NW, Suite 500, Washington, DC 20005.

Instructions: All submissions must include the agency name and docket number for this notice. All comments and any supporting materials or attachments received will be posted without change to <https://www.regulations.gov>, including any business or personal information that you provide, such as name and address information, email addresses, or phone numbers. Commenters should submit only information that the commenter wishes to make available publicly. Please do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Docket: To read background documents or comments regarding this proposed rulemaking, go to: <https://www.regulations.gov>, insert docket number **ASXX-XX** in the “Search” box, and follow the prompts. You may also personally inspect comments at the ASC office, 1325 G Street NW, Suite 500, Washington, DC 20005. To make an appointment, please contact Lori Schuster at (202) 595-7578 or lori@asc.gov.

FOR FURTHER INFORMATION CONTACT:

Natalie Lutz, Attorney Advisor, 202-792-1161, natalie@asc.gov or Rick McGuire, General Counsel, 202-738-0463, rick@asc.gov, ASC, 1325 G Street, NW, Suite 500, Washington, DC 20005. The above phone numbers are not toll-free numbers. Persons with hearing or speech impairments may access these numbers through TTY by calling the toll-free Federal Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

In response to concerns that problematic appraisals played a major role in the savings and loans crisis of the 1980s, Congress enacted Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).¹ Title XI’s purpose is to “provide that Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.”² To ensure the purpose of Title XI was carried out, Congress established the Appraisal Subcommittee.³

¹ U.S. GOV’T ACCOUNTABILITY OFFICE, GAO-03-404, REGULATORY PROGRAMS: OPPORTUNITIES TO ENHANCE OVERSIGHT OF THE REAL ESTATE APPRAISAL INDUSTRY (2003).

² Title XI section 1101, 12 U.S.C. 3331.

³ The ASC Board is comprised of seven members. Five members are designated by the heads of the Federal Financial Institutions Examination Council federal agencies (Board of Governors of the Federal Reserve System (Board), Consumer Financial Protection Bureau (CFPB), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), and National Credit Union Administration (NCUA)). The other two members are designated by the heads of the Department of Housing and Urban Development (HUD) and the Federal Housing Finance Agency (FHFA).

Pursuant to section 1103(a)(1)(A) of Title XI⁴, one of the ASC's core functions is to monitor the requirements established by State⁵ Agencies for the licensing and certification of appraisers qualified to perform appraisals in connection with federally related transactions.⁶ This is accomplished through periodic Compliance Reviews of each State Agency's appraiser regulatory program (Appraiser Program) to determine whether the program is operating in a manner consistent with Title XI and to assess the implementation of minimum requirements for licensing and certifying appraisers as adopted by the Appraiser Qualifications Board of the Appraisal Foundation⁷ pursuant to section 1116 of Title XI.⁸ The ASC is also required to maintain a National Registry of State licensed and State certified real estate appraisers who may perform appraisals in connection with federally related transactions (Appraiser Registry).⁹

Title XI was amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).¹⁰ The Dodd-Frank Act expanded the ASC's core functions to include monitoring of the minimum requirements established by State Agencies that register and supervise the operations and activities of appraisal

⁴ 12 U.S.C. 3332(a)(1)(A).

⁵ States refers to the 50 States, the District of Columbia, and four Territories, which are the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, and the United States Virgin Islands. American Samoa does not have a regulatory oversight structure for appraisers because real estate there can only be inherited (*see* U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-12-147, REAL ESTATE APPRAISAL: APPRAISAL SUBCOMMITTEE NEEDS TO IMPROVE MONITORING PROCEDURES (2012)).

⁶ Federally related transaction refers to 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. (Title XI § 1121(4), 12 U.S.C. 3350(4)).

⁷ The Appraiser Qualifications Board of the Appraisal Foundation adopts the *Real Property Appraiser Qualification Criteria* (AQB Criteria), which establishes minimum education, experience, and examination requirements for the licensure and certification of real property appraisers and minimum requirements for "Trainee" and "Supervisory" appraisers. The AQB Criteria can be found at: https://www.appraisalfoundation.org/imis/TAF/Standards/Qualification_Criteria/Qualification_Criteria_RP/TAF/AQB_RPAQC.aspx.

⁸ 12 U.S.C. 3345.

⁹ Title XI section 1103(a)(3), 12 U.S.C. 3332(a)(3).

¹⁰ Public Law 111-203, 124 Stat. 1376 (2010).

management companies (AMCs).¹¹ The AMC Rule sets forth minimum requirements for State Agencies electing to register and supervise AMCs in accordance with Title XI.¹² As a result, State Agencies with an AMC regulatory program (AMC Program) will be evaluated through a periodic Compliance Review to determine whether the program is operating in a manner consistent with Title XI, and to assess the implementation of the minimum requirements for State registration and supervision of AMCs as established by the AMC Rule. Title XI as amended by the Dodd-Frank Act also required the ASC to maintain a National Registry of AMCs (AMC Registry).¹³

Prior to the Dodd-Frank Act, Title XI only authorized the ASC with one enforcement action that the agency could take against a State Agency that was not operating their Appraiser Program in a manner consistent with Title XI.¹⁴ The one enforcement action was the derecognition of an Appraiser Program administered by a State Agency¹⁵ having the effect that the ASC and all agencies, instrumentalities and federally recognized entities under Title XI would not recognize any appraiser licenses and certifications (whether new or existing) issued by such State Agency to perform appraisals in connection with federally related transactions. The amendments to Title XI by the Dodd-Frank Act gave to the ASC the authority to remove a State licensed or State certified appraiser from the Appraiser Registry or a registered AMC from the AMC

¹¹ Title XI section 1103(a)(1)(B), 12 U.S.C. 3332(a)(1)(B).

¹² The Dodd-Frank Act added section 1124 to Title XI, *Appraisal Management Company Minimum Requirements*, which required the OCC, Board, FDIC, NCUA, FHFA, and CFPB to establish, by rule, minimum requirements for the registration and supervision of AMCs by State Agencies that elect to register and supervise AMCs pursuant to Title XI. (Title XI section 1124(a), 12 U.S.C. 3353(a)). The related final rule was published in the Federal Register on June 9, 2015, at 80 FR 32658 with an effective date of August 10, 2015 (AMC Rule).

¹³ Title XI section 1103(a)(6), 12 U.S.C. 3332(a)(6).

¹⁴ Pub. L. No. 101-73, 103 Stat. 183 (1989).

¹⁵ U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-12-147, REAL ESTATE APPRAISAL: APPRAISAL SUBCOMMITTEE NEEDS TO IMPROVE MONITORING PROCEDURES (2012).

Registry on an interim basis, not to exceed 90 days, pending State Agency action on licensing, certification, registration, and disciplinary proceedings.¹⁶ The amendments to Title XI by the Dodd-Frank Act also authorized the ASC to impose interim actions and suspensions against a State Agency as an alternative to, or in advance of, the derecognition of the State Agency.¹⁷

Prior to the Dodd-Frank Act, Title XI did not grant to the ASC rulemaking authority.¹⁸ The amendments to Title XI by the Dodd-Frank Act authorized the ASC to prescribe regulations in four areas: temporary practice, the Appraiser and AMC Registries, information sharing, and enforcement.¹⁹ The amendments to Title XI by the Dodd-Frank Act also required the establishment of an advisory committee in the development of those regulations.²⁰

On February 18, 2014, the ASC established the Appraisal Subcommittee Advisory Committee for Development of Regulations (ASCAC) in accordance with the Federal Advisory Committee Act.²¹ The purpose of the ASCAC was to provide independent advice and recommendations to the ASC regarding the development of regulations that may be prescribed by the ASC concerning temporary practice, the Appraiser and AMC Registries, information sharing, and enforcement. Membership in the ASCAC was determined in accordance with the Amended Balanced Membership Plan dated June 18, 2014.²² The ASCAC was composed of eighteen members nominated

¹⁶ Title XI section 1118(a), 12 U.S.C. 3347(a).

¹⁷ *Id.*

¹⁸ Pub. L. No. 101-73, 103 Stat. 183 (1989).

¹⁹ Title XI section 1106, 12 U.S.C. 3335.

²⁰ *Id.*

²¹ 5 U.S.C., Appendix, as amended.

²² The Balanced Membership Plan dated February 18, 2014, can be found on the ASC's website at <https://www.asc.gov/sites/default/files/documents/GeneralCorrespondence/Balanced%20Membership%20P>

by the ASC Executive Director and approved by the Chair of the ASC in consultation with the ASC board members.²³ The ASCAC members represented a balance of expertise across a broad range of industry participants and stakeholders as required by section 1106 of Title XI,²⁴ including appraisers, AMCs, lenders, consumer advocates, real estate agents, and government agencies. All ASCAC members had experience concerning the appraiser regulatory framework for federally related transactions.

The ASCAC met four times, which were April 16-17, July 22-23, October 15-16 of 2014 and February 12-13, 2015.²⁵ The ASCAC completed its work and presented its recommendations to the ASC in May 2015.²⁶ Recommendations included both substantive and technical enhancements to the Policy Statements, the Appraiser Registry and the development of the AMC Registry, enforcement of Title XI mandates, and temporary practice.

[lan%20-%20Final%202014.02.12.pdf](https://www.asc.gov/sites/default/files/documents/GeneralCorrespondence/Amended%20Balanced%20Membership%20Plan%202014.02.12.pdf). The Amended Balanced Membership Plan was amended on June 18, 2014, which can also be found on the ASC's website at <https://www.asc.gov/sites/default/files/documents/GeneralCorrespondence/Amended%20Balanced%20Membership%20Plan%202014.06.18.pdf>.

²³ A list of the members of ASCAC can be found on the ASC's website at [2014.07.14 Advisory Committee Member List - amended 1.21.15.pdf \(asc.gov\)](https://www.asc.gov/sites/default/files/documents/GeneralCorrespondence/2014.07.14%20Advisory%20Committee%20Member%20List%20-%20amended%201.21.15.pdf).

²⁴ 12 U.S.C. 3335.

²⁵ The ASCAC meeting minutes can be found on the ASC's website from the below links:

- Meeting Minutes from April 16-17, 2014:
<https://asc.gov/sites/default/files/documents/GeneralCorrespondence/April%202014%20ASCAC%20Meeting%20Minutes.pdf>
- Meeting Minutes from July 22-23, 2014:
<https://asc.gov/sites/default/files/documents/GeneralCorrespondence/Meeting%20Minutes%20-%20July%202014.pdf>
- Meeting Minutes from October 15-16, 2014:
<https://asc.gov/sites/default/files/documents/GeneralCorrespondence/October%202014%20ASCAC%20Meeting%20Minutes.pdf>
- Meeting Minutes from February 12-13, 2015:
<https://asc.gov/sites/default/files/documents/OtherCorrespondence/February%202015%20Advisory%20Committee%20Minutes.pdf>

²⁶ The recommendations by the ASCAC can be found on the ASC's website at <https://www.asc.gov/sites/default/files/2023-03/2015.04.30%20-%20ASCAC%20Recommendations%20-%20Final.pdf>

Over the past years, the ASC has implemented various initiatives relating to the amendments to Title XI by the Dodd-Frank Act. First, the ASC adopted a rule to implement collection and transmission of AMC Registry fees by State Agencies that register and supervise AMCs (AMC Registry Fee Rule), which was published in the *Federal Register* on September 25, 2017,²⁷ and became effective on November 24, 2017.²⁸ Second, the ASC adopted revised Policy Statements on February 14, 2018, and published them on March 5, 2018, in the *Federal Register*.²⁹ Third, the ASC announced the activation of the new AMC Registry on July 9, 2018. Finally, the ASC adopted amendments to the existing rule governing the practice and procedure of temporary waiver proceedings for clarification and greater transparency on the process, which were published in the *Federal Register* on October 7, 2022, and became effective December 6, 2022.³⁰

With the above initiatives completed, the ASC is prepared to consider the ASCAC's recommendations for a regulation governing the ASC's enforcement authority over Appraiser and AMC Programs administered by State Agencies. Despite the passage of time, the ASC still deems the ASCAC's recommendations to be relevant and has considered the recommendations in developing this proposed rule.

²⁷ 82 FR 44493 (Sept. 25, 2017).

²⁸ The notice of proposed rulemaking for the AMC Registry Fee Rule was published in the *Federal Register* on May 20, 2016, at 81 FR 31868, with a 60-day comment period until July 19, 2016.

²⁹ 83 FR 9144 (March 5, 2018). The ASC published the proposed revised Policy Statements on January 10, 2017, in the *Federal Register* at 82 FR 2977. The comment period was scheduled to close on April 10, 2017. However, the ASC suspended the comment period in response to the White House Chief of Staff Memorandum titled *Regulatory Freeze Pending Review*, signed by the Office of Management and Budget. The ASC published its notice suspending the comment period in the *Federal Register* at 82 FR 16399 on April 4, 2017. The ASC re-published the proposed revised Policy Statements on September 20, 2017, with a 60-day comment period in the *Federal Register* at 82 FR 43966.

³⁰ 87 FR 60870 (Oct. 7, 2022). The notice of proposed rulemaking was published in the *Federal Register* on January 13, 2022, with a 60-day comment period until March 14, 2022. (87 FR 2079 (Jan. 13, 2022)).

II. Proposed Rule

Under sections 1106 and 1118 of Title XI,³¹ the ASC proposes a rule that would implement the ASC’s enforcement authority over Appraiser and AMC Programs administered by State Agencies.

Definitions

AMC Registry. Proposed § 1102.601 would define “AMC Registry” as the National Registry maintained by the ASC pursuant to section 1103(a)(6) of Title XI (12 U.S.C. 3332(a)(6)) of those AMCs that meet the federal definition of an AMC, as defined in 12 U.S.C. 3350(11), are registered by a State Agency or are federally regulated, and have paid the annual AMC Registry fee as specified by the AMC Registry Fee Rule.

AMC Registry Fee Rule. Proposed § 1102.601 would define “AMC Registry Fee Rule” as the ASC’s final rule on the collection and transmission of AMC Registry fees, 12 CFR 1102.400 – 1102.403 (2017).

AMC Rule. Proposed § 1102.601 would define “AMC Rule” as the interagency final rule on minimum requirements for AMCs published in the *Federal Register* on June 9, 2015, at 80 FR 32658 with an effective date of August 10, 2015.

Appraiser Registry. Proposed § 1102.601 would define “Appraiser Registry” as the National Registry maintained by the ASC pursuant to section 1103(a)(3) of Title XI (12 U.S.C. 3332(a)(3)) of State licensed appraisers and State certified real estate appraisers, as defined in section 1116 of Title XI (12 U.S.C. 3345), who are eligible to perform appraisals in connection with federally related transactions, and have paid the

³¹ 12 U.S.C. 3335 and 3347.

annual Appraiser Registry fee as set forth in section 1109(a)(4)(A) of Title XI (12 U.S.C. 3338(a)(4)(A)).

ASC. Proposed § 1102.601 would define “ASC” as the Appraisal Subcommittee of the Federal Financial Institutions Examination Council established under 12 U.S.C. 3310.

Compliance Review. Under Proposed § 1102.601, “Compliance Review” would mean a periodic review conducted by the ASC to determine whether a State Agency has an effective Appraiser or AMC Program operating in a manner consistent with Title XI and any federal regulations promulgated thereunder.

Derecognition. Under proposed § 1102.601, “Derecognition” would mean a written finding by the ASC made pursuant to section 1118(b) of Title XI (12 U.S.C. 3347(b)) that a State Agency’s Appraiser Program is not operating in a manner consistent with Title XI having the effect that the ASC and all agencies, instrumentalities and federally recognized entities under Title XI would not recognize appraiser licenses and certifications issued by such State Agency. Derecognition would also be referred to as non-recognition.

State. Proposed § 1102.601 would define “State” as any State, the District of Columbia, and four Territories, which include the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, and the United States Virgin Islands.³²

³² American Samoa has not established either an Appraiser or AMC Program.

State Agency. Proposed § 1102.601 would define “State Agency” as a State appraiser certifying and licensing agency as defined in section 1121(1) of Title XI (12 U.S.C. 3350(1)).

Enforcement actions

Under section 1118(a) of Title XI, the ASC has the authority to impose interim actions and suspensions against a State Agency as an alternative to, or in advance of derecognition of a State Agency’s Appraiser Program.³³ This proposed rule would specify the interim actions and suspensions that could be imposed against a State Agency by the ASC. The ASC considered the ASCAC’s recommendations that potential enforcement actions be incorporated into matrixes for the ASC’s enforcement authority over Appraiser and AMC Programs administered by State Agencies.³⁴ For the reasons stated below, the ASC proposes to not adopt the matrixes developed by the ASCAC. Enforcement actions should be tailored to address the deficiencies identified in a particular Compliance Review or series of Compliance Reviews and consider any mitigating and aggravating factors. Additionally, the appropriateness of the enforcement action depends on the facts and circumstances of each Compliance Review. The ASC believes that mitigating and aggravating circumstances generally exist in many situations, and they may vary depending on the situation, so enforcement actions must be imposed in a meaningful and individualized manner to take this variation into account.

The ASC also considered 12 potential enforcement actions recommended by the ASCAC, which included: a warning letter, training for board members of the State

³³ 12 U.S.C. 3347(a).

³⁴ The recommendations by the ASCAC can be found on the ASC’s website at <https://www.asc.gov/sites/default/files/2023-03/2015.04.30%20-%20ASCAC%20Recommendations%20-%20Final.pdf>. Specifically, the matrixes developed by the ASCAC start on Page 26 of the report.

Agency, training for State Agency staff, consultation with State authorities, meeting with affected parties, the requirement for a State Agency to use a voluntary disciplinary sanction matrix, expedited or follow-up reviews, continuous monitoring, interim removal of an appraiser from the Appraiser Registry or an AMC from the AMC Registry, removal of an appraiser from the Appraiser Registry or an AMC from the AMC Registry, interim derecognition, and derecognition.³⁵

The ASC proposes not to incorporate eight enforcement actions recommended by the ASCAC for the following reasons.³⁶ The recommendations relating to training State Agency board members and staff is more appropriate for negotiated agreements entered into by the State Agency and the ASC. Next, the recommendations regarding expedited Compliance Reviews and continuous monitoring are supervisory tools that relate to the ASC's statutory function to monitor the minimum requirements established by State Agencies for the licensing and certification of individuals who are qualified to perform appraisals in connection with federally related transactions and for the registration and supervision of AMCs.³⁷ Consultation or meeting with State officials (e.g., the Governor or State legislative members) and affected parties (e.g., the State Banking Commission, relevant consumer groups, and real estate industry trade associations relating to appraisers, AMCs, and real estate brokers) is more appropriate as a supervisory tool than an enforcement tool. Additionally, the recommendation that a State Agency use a

³⁵ *Id.* at Page 24. The enforcement actions recommended by the ASCAC start on Page 24 of the report.

³⁶ *Id.*

³⁷ 12 U.S.C. 3332. The ASC's Compliance Review Manual provides for a follow-up review focusing on specific areas identified during a Compliance Review, which typically occurs within 6-12 months of the Compliance Review. Additionally, the Compliance Review Manual provides for continuous monitoring when a State's regulatory program receives a Finding of "Poor" at the end of a Compliance Review. A Finding of "Poor" means the regulatory program does not meet Title XI mandates and the deficiencies identified during a Compliance Review are significant and severe that require immediate attention.

disciplinary sanction matrix in determining the appropriate sanction for appraiser and AMC complaints is not an appropriate enforcement action to be imposed by the ASC because State Agencies have the legal authority and responsibility to execute and ensure compliance with their applicable State laws governing the regulation of appraisers and AMCs. The implementation of a disciplinary sanction matrix should reside with the State Agency. Finally, the recommendation requiring the removal of appraisers from the Appraiser Registry and AMCs from the AMC Registry is not supported by the statutory text found in section 1118(a) of Title XI ³⁸, which only grants to the ASC the authority to remove an individual appraiser from the Appraiser Registry or an AMC from the AMC Registry on an interim basis, not to exceed 90 days, pending State Agency action on licensing, certification, registration, and disciplinary proceedings. Section 1118(a) of Title XI does not grant to the ASC the authority to permanently remove an appraiser from the Appraiser Registry or an AMC from the AMC Registry.

Proposed § 1102.602 would incorporate five enforcement actions that could be taken against a State Agency by the ASC.

Agreements. Under proposed § 1102.602, the ASC would incorporate that the ASC could request a State Agency enter into a written agreement with the ASC to address and correct identified deficiencies and/or mitigate the risk of program failure. The agreements would be prepared by the ASC and could provide that a State Agency take certain actions or refrain from certain actions. Agreements could also require, for example, mandatory training of State Agency staff and/or board members to address certain findings, weaknesses, and deficiencies or submission of a commitment letter or

³⁸ 12 U.S.C. 3347.

board resolution to take corrective action in response to the State Agency's acknowledged deficiencies. This action would provide the ASC with the flexibility to address and correct identified deficiencies and/or mitigate the risk of program failure while working cooperatively with the State Agency.

Warning. Under proposed § 1102.602, the ASC would incorporate a warning letter as a potential enforcement action that could be imposed against a State Agency by the ASC. Warning letters would inform the State Agency that their regulatory program is not operating in a manner consistent with Title XI or any federal regulations promulgated thereunder. Warning letters would discuss serious or persistent deficiencies and expected corrective action by the State Agency. The risk of program failure is not sufficiently serious to warrant suspension or derecognition.

Interim removal of a State licensed or certified appraiser from the Appraiser Registry or a registered AMC from the AMC Registry. Under proposed § 1102.602, the ASC would codify the interim removal of a State licensed or certified appraiser from the Appraiser Registry or a registered AMC from the AMC Registry as a potential enforcement action that could be imposed against a State Agency by the ASC. The amendments to Title XI by the Dodd-Frank Act gave to the ASC the authority to remove a State licensed or State certified appraiser from the Appraiser Registry or a registered AMC from the AMC Registry on an interim basis, not to exceed 90 days, pending State Agency action on licensing, certification, registration, and disciplinary proceedings.³⁹ For example, the ASC could require a State Agency to remove an appraiser who has not satisfied the minimum requirements pursuant to section 1116 of Title XI⁴⁰ from the

³⁹ Public Law 111-203, 124 Stat. 1376 (2010).

⁴⁰ 12 U.S.C. 3345.

Appraiser Registry. The individual appraiser who would be removed from the Appraiser Registry would not be eligible to conduct appraisals in connection with a federally related transaction. This proposed enforcement action is supported by the statutory text found in section 1118(a) of Title XI.⁴¹ The proposed rule would also provide a cross-reference to the procedures governing an interim action proceeding found at § 1102.604.

Suspension. Under proposed § 1102.602, the ASC would incorporate suspension rather than interim derecognition as a potential enforcement action that could be imposed against a State Agency by the ASC. The amendments to Title XI by the Dodd-Frank Act authorized the ASC to impose suspensions against a State Agency as an alternative to, or in advance of, the derecognition of the agency.⁴² The proposed rule would allow the ASC to suspend a State Agency's licensing and certifying appraisers or registering AMCs. Specifically, a State Agency could be suspended for an interim period of time for any or all of the following functions depending on the deficiencies identified at the conclusion of a Compliance Review and the mitigating and aggravating factors considered in § 1102.603: (1) adding appraisers to the Appraiser Registry or AMCs to the AMC Registry; (2) issuing upgrades in the level of licensure or certification to State licensed or State certified appraisers to perform appraisals in connection with federally related transactions; (3) renewing the licenses of State licensed appraisers or certifications of State certified real estate appraisers or both to perform appraisals in connection with federally related transactions; or (4) issuing temporary practice permits to appraisers licensed or certified in another State to perform appraisals in connection with federally

⁴¹ 12 U.S.C. 3347.

⁴² Public Law 111-203, 124 Stat. 1376 (2010).

related transactions. This enforcement action is supported by the statutory text found in section 1118(a) of Title XI that the ASC has the authority to impose suspensions against a State Agency as an alternative, or in advance of the derecognition of an Appraiser Program administered by a State Agency.⁴³ The proposed rule would also provide a cross-reference to the procedures governing an interim action proceeding found at § 1102.604.

Derecognition. Under proposed § 1102.602, the ASC would codify derecognition as a potential enforcement action that could be imposed against a State Agency by the ASC. As mentioned earlier, prior to the Dodd-Frank Act, Title XI only authorized the ASC with one enforcement action, which was derecognition, that the ASC could take against a State Agency that was not operating its Appraiser Program in a manner consistent with Title XI.⁴⁴ The ASC and all agencies, instrumentalities and federally recognized entities under Title XI would not recognize any appraiser licenses and certifications (whether new or existing) issued by such State Agency to perform appraisals in connection with federally related transactions. This could effectively mean that federally regulated financial institutions would be unable to conduct real estate lending in a non-recognized State because financial institutions would not be able to engage licensed or certified appraisers in that State for federally related transactions. For this reason, State Agencies have had a significant incentive to comply with Title XI. As noted in the ASCAC meeting minutes dated April 17, 2014, the ASC should carefully consider the economic impact of derecognition before considering such action against a

⁴³ 12 U.S.C. 3347.

⁴⁴ Pub. L. No. 101-73, 103 Stat. 183 (1989).

State Agency.⁴⁵ To date, the ASC has not imposed derecognition against a State Agency. The proposed rule would also provide a cross-reference to the procedures governing a non-recognition proceeding found at § 1102.605.

Finally, the ASC would seek to work collaboratively with State Agencies to ensure that their Appraiser and AMC Programs operate in a manner consistent with Title XI. If a State Agency's Appraiser or AMC Program is not operating in a manner consistent with Title XI and such State Agency fails to voluntarily improve its program, the proposed rule would allow the ASC to impose an enforcement action if voluntary remediation by the State Agency could not be achieved, or the deficiencies pose a potentially significant risk of program failure. Under the proposed rule, the ASC could undertake, in its sole discretion, one of the five enforcement actions at the conclusion of a Compliance Review depending on the consideration of the mitigating and aggravating factors in § 1102.603. The severity of the enforcement action would vary, depending on the identified deficiencies and the consideration of the mitigating and aggravating factors in § 1102.603. In summary, the proposed five enforcement actions are appropriate if a State Agency's Appraiser or AMC Program is not operating in a manner consistent with Title XI.

Mitigating and aggravating factors considered by the ASC in determining the appropriate enforcement action.

The proposed rule would apply a context-based enforcement approach by considering the unique circumstances surrounding non-compliance rather than a series of

⁴⁵ Meeting minutes from April 16-17, 2104, can be found on the ASC's website at <https://asc.gov/sites/default/files/documents/GeneralCorrespondence/April%20202014%20ASCAC%20Meeting%20Minutes.pdf>

escalating consequences for non-compliance. The ASC recognizes that there might be situations where flexibility is needed rather than a structured, graduated-escalating approach. This context-based enforcement approach would promote fairness and allow for a more nuanced response to identified deficiencies. This enforcement approach would encourage the use of discretion to tailor the enforcement action to individual cases.

The ASC considered the ASCAC’s recommended mitigating and aggravating factors that the ASC should consider in determining the appropriate enforcement action against a State Agency.⁴⁶ The ASCAC defined “an aggravating factor” as “any information or evidence regarding the deficiency that might result in an increased sanction”. The ASCAC then defined “a mitigating factor” as “any information or evidence regarding the deficiency that might result in a decreased sanction”. However, the ASC recognizes that distinguishing between mitigating and aggravating factors may be blurred on occasions. For example, a change in State Agency leadership could be viewed as either aggravating or mitigating depending on the quality of the prior

⁴⁶ The aggravating factors recommended by the ASCAC include: a pattern of prior deficiencies of another type that have not been corrected; a pattern of prior deficiencies of the same type; numerous deficiencies of various types; refusal to acknowledge the deficiency; lack of cooperation with the ASC staff; a lack of willingness or lack of efforts to correct deficiencies; deficiencies are material and, if not corrected in a timely manner, will pose a potential risk to the program, licensees, financial institutions or agencies or to the public; submission of false statements or documents, or other deceptive practices; a board member involved in a decision who had a conflict of interest or bias that affected the outcome of a matter; other deficiencies in the program that might indicate systemic issues; risk of program failure; and systemic failure to exercise reasonable care toward equitable enforcement. Conversely, the mitigating factors recommended by the ASCAC include no prior deficiencies of any type; prior deficiencies of another type that were minor and have been corrected; understanding and acknowledging of deficiency; immediate steps taken to correct the issue; personnel issues such as illness or loss of a key staff member; change in leadership; the State otherwise has an effective and efficient regulatory program; the occurrence of a natural disaster; and a Board member who had a conflict of interest was cleared by a State ethics agency before participating in a matter (unless the ASC finds the conflict created a bias that affected the outcome). The ASCAC’s recommendations regarding aggravating and mitigating factors start on Page 25 of their report, which can be found on the ASC’s website at <https://www.asc.gov/sites/default/files/2023-03/2015.04.30%20-%20ASCAC%20Recommendations%20-%20Final.pdf>.

leadership. Therefore, mitigating factors and aggravating factors should be considered together to obtain a balanced and appropriate enforcement action.

Under Proposed § 1102.603, the mitigating and aggravating factors would be classified together into five categories: (1) the nature and extent of the deficiency; (2) prior compliance history by the State Agency; (3) the structure, stability, and responsiveness of the State Agency; (4) the overall effectiveness of the State Agency's regulatory program; and (5) other situations or circumstances such as a disaster or an emergency public health order. The five categories would capture all the ASCAC's recommendations regarding mitigating and aggravating factors, with some changes to the text of some of the mitigating and aggravating factors to improve clarity and style.

As stated earlier, the appropriateness of the enforcement action depends on the facts and circumstances of each Compliance Review. The ASC believes that mitigating and aggravating circumstances generally exist in many situations, and they may vary depending on the situation, so enforcement actions must be imposed in a meaningful and individualized manner to take this variation into account.

Procedures governing interim action proceedings.

Proposed § 1102.604 would codify, with some modifications as discussed below along with some minor non-substantive corrections, such as the name change of the proceeding from "interim sanction proceeding" to "interim action proceeding", to improve clarity or style, the procedures found in Policy Statement 12.⁴⁷

Currently, Policy Statement 12 specifies that a Finding of "Poor" issued to a State Agency at the conclusion of a Compliance Review could trigger an analysis by the ASC

⁴⁷ 83 FR 9144 (March 5, 2018).

for potential interim actions; however, Policy Statement 12 does not identify the specific interim actions that could be imposed on the State Agency.⁴⁸ The proposed rule would codify a Finding of “Poor” issued to a State Agency at the conclusion of a Compliance Review could trigger the commencement of an interim action proceeding to impose the following actions:(1) interim removal of a State licensed or certified appraiser from the Appraiser Registry or a registered AMC from the AMC Registry or (2) suspension. The ASC is of the opinion that the two interim actions listed above are the most severe actions against a State Agency as an alternative to, or in advance of derecognition of an Appraiser Program administered by a State Agency. These interim actions could adversely affect State licensed appraisers and State certified appraisers and registered AMCs in performing appraisals or appraisal management services in connection with federally related transactions within said State. Therefore, the ASC believes that the ASC should provide the State Agency a written notice (Notice) of its intention to impose either of the two interim actions listed above and ample opportunity to provide rebuttal information or to correct the conditions.

Additionally, the proposed rule would streamline or otherwise improve some of the procedures in the existing Policy Statement 12. First, under the existing Policy Statement 12, the ASC verifies the State Agency’s date of receipt of the Notice and publishes the Notice in the *Federal Register* along with the State Agency’s date of receipt of the Notice.⁴⁹ The ASC recognizes that the requirement to verify a State Agency’s date of receipt of the Notice could be problematic if a State Agency refuses to acknowledge receipt of the Notice. Therefore, the proposed rule would alleviate this potential problem

⁴⁸ *Id.*

⁴⁹ *Id.*

by requiring the ASC to serve the State Agency by sending a copy of the Notice to the last known email and mailing addresses of the State Agency's office and having the service complete upon sending. A State Agency should have advance notification so the proposed rule would require the ASC to wait 15 business days to publish the Notice in the *Federal Register* after sending the Notice to the State Agency. As a result of this proposed modification, the proposed rule would update the procedural deadlines as starting from "the publication of the Notice in the *Federal Register*" rather than starting from "the date of receipt by the State Agency of the Notice as published in the *Federal Register*" as currently in Policy Statement 12.⁵⁰ Second, the proposed rule would modify the existing provision in Policy Statement 12 that an ASC member may ask pertinent questions relating to the content of the oral presentation by including that an ASC member may also ask questions relating to any written briefs, memoranda, or statements submitted.⁵¹ Finally, the proposed rule would not codify the existing provision in Policy Statement 12 regarding consultation by the ASC Chairperson with other ASC members in conducting the proceeding.⁵² The efficiency of interim action proceedings would improve by having the ASC Chairperson be solely responsible for conducting the proceeding. Although the ASC Chairperson would have the responsibility to conduct the interim action proceeding, the ASC board would be responsible to decide the outcome of the proceeding.

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

Except for the proposed modifications discussed above and any minor, non-substantive corrections to improve clarity and style, the proposed rule would codify the procedures found in Policy Statement 12.

Procedures governing non-recognition proceedings.

Proposed § 1102.605 would codify a Finding of “Poor” issued to a State Agency at the conclusion of a Compliance Review could trigger the commencement of a non-recognition proceeding under section 1118 of Title XI (12 U.S.C. 3347), as set forth in subpart B of 12 CFR Part 1102, to impose the enforcement action of derecognition against a State Agency’s Appraiser Program.

III. Request for Comment

The ASC is requesting comments on all aspects of the notice of proposed rulemaking, in addition to the specific requests below.

Question 1. Are there other potential interim actions that the ASC should impose on a State Agency for not operating its Appraiser or AMC Programs in a manner consistent with Title XI?

Question 2. Are there other mitigating and aggravating factors that the ASC should consider when determining the appropriate enforcement action to be imposed on a State Agency?

Question 3. Is thirty business days adequate time for a State Agency to respond to the ASC’s written notice of intention to impose an interim action against such State Agency?

Question 4. Instead of a context-based enforcement approach, should the ASC apply a progressive enforcement approach with a series of escalating consequences for non-compliance?

IV. Regulatory Requirements

A. Paperwork Reduction Act

The collection of information required by this proposed rule is not subject to the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 *et seq.* The Paperwork Reduction Act of 1995 (PRA) states that no agency may conduct or sponsor, nor is the respondent required to respond to, an information collection from 10 or more members of the public unless it displays a currently valid Office of Management and Budget (OMB) control number. During either an interim action or non-recognition proceeding, any request for documentation would be individualized based on the facts and circumstances of the specific State Agency being sanctioned. The ASC has reviewed this notice of proposed rulemaking and determined that the information collection requirements do not meet the PRA's threshold of 10 or more public members. Additionally, the collection of information required by this proposed rule is exempt from the coverage of the PRA because the information is collected during the performance of an administrative action.⁵³

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) generally requires an agency, in connection with a proposed rule, to prepare and make available for public comment an initial regulatory flexibility analysis that describes the impact of a proposed rule on small entities.⁵⁴ However, the regulatory flexibility analysis is not required if an agency

⁵³ 5 CFR 1320.4

⁵⁴ 5 U.S.C. 601 *et seq.*

certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities and publishes its certification and a brief explanatory statement in the *Federal Register* together with the proposed rule.⁵⁵ Based on its analysis, and for the reasons stated below, the ASC believes that the proposed rule would not have a significant economic impact on a substantial number of small entities.

The proposed rule would not directly regulate small entities. The ASC does not directly oversee or regulate the 93,478 State licensed and State certified real estate appraisers listed on the Appraiser Registry and the 4,986 AMCs listed on the AMC Registry. Rather, the ASC has the authority to monitor federal minimum requirements established by the State Agency for licensing and certifying appraisers and registering AMCs. The proposed rule would codify, with some modifications, existing procedures in Policy Statement 12 regarding the ASC's enforcement authority over Appraiser and AMC Programs administered by State Agencies. Additionally, the proposed rule would set forth potential enforcement actions that the ASC may impose against a State Agency as well as mitigating and aggravating factors in considering the appropriate enforcement action. Finally, the proposed rule would only apply to State Agencies (and not State licensed and State certified real estate appraisers and registered AMCs). Given the definitions of "small entities" under the RFA, State Agencies are not small entities⁵⁶ and the burden on them is not relevant to this analysis. Any impact of the proposed rule on

⁵⁵ *Id.*

⁵⁶ For purposes of assessing the impacts of the proposed rule on small entities, "small entities" is defined in the RFA to include small businesses, small not-for-profit organizations, and small government jurisdictions. 5 U.S.C. 601(6). A "small business" is determined by application of Small Business Administration regulations and reference to the North American Industry Classification System (NAICS) classifications and size standards. 5 U.S.C. 601(3). A "small organization" is any "not-for-profit enterprise which is independently owned and operated and is not dominant in its field." 5 U.S.C. 601(4). A "small governmental jurisdiction" is the government of a city, county, town, township, village, school district, or special district with a population of less than 50,000. 5 U.S.C. 601(5).

State licensed appraisers, State certified real estate appraisers, and registered AMCs is indirect.

C. The Unfunded Mandates Reform Act

The ASC has analyzed the proposed rule under the factors in the Unfunded Mandates Reform Act (UMRA).⁵⁷ The ASC considered whether the proposed rule would include a federal mandate that may result in the expenditure by local, tribal, and State governments, in the aggregate, or by the private sector, of \$100 million or more in any one year (adjusted annually for inflation). For the following reasons, the ASC finds that the proposed rule would not trigger the \$100 million UMRA threshold. First, the mandates in the proposed rule would codify, with some modifications, existing procedures concerning the ASC's enforcement authority over Appraiser and AMC Programs administered by State Agencies. Second, the costs specifically related to requirements set forth in statute are excluded from expenditures under the UMRA. Given that the proposed rule would reflect requirements that arise from section 1118 of Title XI⁵⁸, the UMRA cost estimate for the proposed rule would be zero. For this reason, and the other reasons referenced above, the ASC has determined that this proposed rule would not result in expenditures by State, local, and tribal governments, or the private sector, of \$100 million or more in any one year. Accordingly, this proposed rule would not be subject to section 202 of the UMRA.

⁵⁷ 2 U.S.C. 1501 *et seq.*

⁵⁸ 12 U.S.C. 3347.

List of Subjects
12 CFR Part 1102

Administrative practice and procedure, Appraisers, Appraisal Management Companies, and Enforcement Actions.

Authority and Issuance

For the reasons set forth in the preamble, the ASC proposes to amend 12 CFR part 1102 as follows:

PART 1102—APPRAISER REGULATION

1. The authority citation for part 1102 is revised to read as follows:

Authority: 12 U.S.C. 3332, 3335, 3338 (a)(4)(B), 3347, 3348(a), 3348(c), 5 U.S.C. 552a, 553(e); Executive Order 12600, 52 FR 23781 (3 CFR, 1987 Comp., p. 235).

2. Subpart F to part 1102 is added to read as follows:

Subpart F –ENFORCEMENT AUTHORITY OVER STATE APPRAISER AND APPRAISAL MANAGEMENT COMPANY REGULATORY PROGRAMS

Sec.

1102.600 Authority, purpose, and scope.

1102.601 Definitions.

1102.602 Enforcement actions.

1102.603 Mitigating and aggravating factors considered by the ASC in determining the appropriate enforcement action.

1102.604 Procedures governing interim action proceedings.

1102.605 Procedures governing non-recognition proceedings.

§ 1102.600 Authority, purpose, and scope.

(a) *Authority.* This subpart is issued by the Appraisal Subcommittee (ASC) under sections 1106 and 1118 of 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) (Pub. L. 111-203, 124 Stat. 1376 (2010)), 12 U.S.C. 3335, 3347.

(b) *Purpose.* The purpose of this subpart is to implement the ASC's enforcement authority pursuant to section 1118 of Title XI (12 U.S.C. 3347) over appraiser and appraisal management company (AMC) regulatory programs administered by State Agencies.

(c) *Scope.* This subpart applies to all State Agencies that license, certify, and supervise the individuals authorized to perform appraisals in connection with federally related transactions that require the services of a State licensed appraiser or State certified real estate appraiser. Additionally, this subpart applies to State Agencies that register and supervise AMCs.

§ 1102.601 Definitions.

For the purposes of this subpart:

AMC Registry means the National Registry maintained by the ASC pursuant to section 1103(a)(6) of Title XI (12 U.S.C. 3332(a)(6)) of those AMCs that meet the federal definition of an AMC, as defined in section 1121(11) of Title XI (12 U.S.C. 3350(11)), are registered by a State Agency or are federally regulated, and have paid the annual AMC Registry fee as specified by the AMC Registry Fee Rule in subpart E of this part.

AMC Registry Fee Rule means the ASC's final rule on the collection and transmission of AMC Registry fees, 12 CFR 1102.400 – 1102.403 (2017).

AMC Rule means the interagency final rule on minimum requirements for AMCs published in the *Federal Register* on June 9, 2015, at 80 FR 32658 with an effective date of August 10, 2015.

Appraiser Registry means the National Registry maintained by the ASC pursuant to section 1103(a)(3) of Title XI (12 U.S.C. 3332(a)(3)) of State licensed appraisers and State certified real estate appraisers, as defined in section 1116 of Title XI (12 U.S.C. 3345), who are eligible to perform appraisals in connection with federally related transactions, and have paid the annual Appraiser Registry fee as set forth in section 1109(a)(4)(A) of Title XI (12 U.S.C. 3338(a)(4)(A)).

ASC means the Appraisal Subcommittee of the Federal Financial Institutions Examination Council established under section 1102 of Title XI (12 U.S.C. 3310).

Compliance Review means a periodic review conducted by the ASC to determine whether a State Agency has an effective appraiser or AMC regulatory program operating in a manner consistent with Title XI and any federal regulations promulgated thereunder.

Derecognition means a written finding by the ASC made pursuant to section 1118(b) of Title XI (12 U.S.C. 3347(b)) that a State Agency's appraiser regulatory program is not operating in a manner consistent with Title XI having the effect the ASC and all agencies, instrumentalities and federally recognized entities under Title XI shall not recognize appraiser licenses and certifications issued by such State Agency.

Derecognition is also referred to as non-recognition in subpart B of this part.

State means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, and the United States Virgin Islands.

State Agency means the State appraiser certifying and licensing agency as defined in section 1121(1) of Title XI (12 U.S.C. 3350(1)).

§ 1102.602 Enforcement actions.

(a) Upon a determination that a State Agency's appraiser or AMC regulatory program is not operating in a manner consistent with Title XI and said State Agency fails to voluntarily improve the program or the deficiencies pose a potentially significant risk of program failure, the ASC may undertake, in its sole discretion, one of the following enforcement actions listed in this section at the conclusion of a Compliance Review. The ASC will consider the mitigating and aggravating factors in § 1102.603 in determining what type of enforcement action to impose against a State Agency.

(b) The enforcement actions include:

(1) *Agreements*. The ASC may request that a State Agency enter into a written agreement with, and drafted by, the ASC to address and correct identified deficiencies and/or mitigate the risk of program failure. The agreement may provide that a State Agency take certain actions or refrain from certain actions. The agreement may require, for example, State Agency staff or board members to complete training to address certain findings, weaknesses, and deficiencies or a State Agency to submit a commitment letter or Board resolution to take corrective actions in response to the State Agency's acknowledged deficiencies.

(2) *Warning.* The ASC may issue a warning letter discussing serious or persistent deficiencies, as determined by the ASC, and expected corrective action by the State Agency.

(3) *Interim removal of a State licensed or certified appraiser from the Appraiser Registry or a registered AMC from the AMC Registry.* The ASC may remove a State licensed or certified appraiser from the Appraiser Registry or a registered AMC from the AMC Registry on an interim basis, not to exceed 90 days, pending State Agency action on licensing, certification, registration, and disciplinary proceedings as set forth in the procedures of § 1102.604.

(4) *Suspension.* The ASC may suspend a State Agency for an interim period, as set forth in the procedures of § 1102.604, for one or more of the following functions depending on the deficiencies identified at the conclusion of a Compliance Review and the mitigating and aggravating factors considered in § 1102.603:

(i) The State Agency shall not add State licensed or certified appraisers to the Appraiser Registry or registered AMCs to the AMC Registry or both;

(ii) The State Agency shall not issue upgrades in the level of licensure or certification to State licensed or certified appraisers to perform appraisals in connection with federally related transactions;

(iii) The State Agency shall not renew the licenses of State licensed appraisers or certificates of State certified real estate appraisers or both to perform appraisals in connection with federally related transactions; or

(iv) The State Agency shall not issue temporary practice permits to appraisers licensed or certified in another State to perform appraisals in connection with federally related transactions.

(5) *Derecognition.* Derecognition of all appraiser licenses and certifications issued by a State Agency from performing appraisals in connection with federally related transactions as set forth in the procedures of § 1102.605.

§ 1102.603 Mitigating and aggravating factors considered by the ASC in determining sanctions.

In determining the appropriate enforcement action to be imposed on a State Agency for deficiencies within their appraiser or AMC regulatory program, the ASC will consider the following factors, which may be mitigating or aggravating as appropriate:

(a) The nature and extent of the deficiency which may include:

(1) The type of deficiency;

(2) The number of deficiencies; and

(3) The degree of severity of the deficiency, and the extent to which, if not corrected in a timely manner, the deficiency will pose a potential risk to the program, appraisers, AMCs, financial institutions, or the public.

(b) Prior compliance history by the State Agency which may include:

(1) Whether the program has had any prior deficiencies of any type;

(2) Whether the current deficiency is the same or like previous deficiencies;

(3) Whether there is a pattern of prior deficiencies of the same type;

(4) Whether there is a pattern of prior deficiencies of any type; and

(5) Whether and to what extent the State Agency has attempted to correct previous deficiencies.

(c) The structure, stability, and responsiveness of the State Agency which may include:

- (1) The level of cooperation with ASC staff;
- (2) The extent of understanding and acknowledgment of the deficiency;
- (3) The level of responsiveness and ability to correct the deficiency;
- (4) Whether the program has undergone significant staffing or leadership changes;

and

(5) Whether a decision was affected by the participation of a State Agency board member or members, or State Agency staff with a conflict of interest or bias.

(d) The overall effectiveness of the State Agency's program which may include:

- (1) Whether any deficiencies indicate systemic issues in the program;
- (2) The submission of false statements or documents, or deceptive practices by

the State Agency;

(3) Whether the State Agency failed to exercise reasonable care toward equitable, consistent, and timely enforcement; and

(4) The level of risk of program failure.

(e) Other situations or circumstances which may include:

- (1) The occurrence of a natural or synthetic or machine-made disaster; or
- (2) The occurrence of an emergency public health order.

§ 1102.604 Procedures governing interim action proceedings.

A Finding of “Poor” issued to a State Agency at the conclusion of a Compliance Review may trigger the commencement of an interim action proceeding to impose either the interim removal of a State licensed or certified appraiser from the Appraiser Registry or a registered AMC from the AMC Registry or a suspension as set forth in §§ 1102.602(3) and (4) on a State Agency’s appraiser or AMC regulatory program. The ASC will provide the State Agency with written notice of intention to impose an interim action as set forth in § 1102.602(3) and (4) and an opportunity to respond or to correct the deficiencies causing such notice to the State Agency as follows:

(a) *Notice.* The ASC will provide the State Agency with a written notice (Notice) of intention to impose an interim action as set forth in either § 1102.602 (3) or (4) on the State Agency. The Notice must contain the ASC’s analysis required by section 1118 of Title XI (12 U.S.C. 3347) of the State Agency’s licensing and certification of appraisers, the registration of AMCs, the issuance of temporary practice permits for appraisers, the receiving and tracking of submitted complaints against appraisers and AMCs and the investigation of complaints, and enforcement actions against appraisers and AMCs. The ASC must serve the State Agency by sending a copy of the Notice to the last known email and mailing addresses of the office of the State Agency. Service is complete upon sending. After 15 days of sending the Notice to the State Agency, the ASC must publish the Notice in the *Federal Register*.

(b) *State Agency’s Response.* Within 15 days of publication of the Notice in the *Federal Register*, the State Agency may submit a response to the ASC’s Executive Director. Alternatively, a State Agency may submit a notice not to contest (Notice Not to

Contest) to the ASC's Executive Director. The filing of a Notice Not to Contest will not constitute a waiver of the right to a judicial review of the ASC's decision, findings, and conclusions. Failure to file a response within 15 days will constitute authorization for the ASC to find the facts to be as presented in the Notice and analysis. The ASC, for good cause shown, may permit the filing of a response after the prescribed time.

(c) *Briefs, Memoranda and Statements.* Within 45 days after the date of publication of the Notice in the *Federal Register*, the State Agency may file with the ASC's Executive Director a written brief, memorandum or other statement providing factual data and policy and legal arguments regarding the matters set out in the Notice and analysis.

(d) *Oral Presentations to the ASC.* Within 45 days after the date of publication of the Notice in the *Federal Register*, the State Agency may file a request with the ASC's Executive Director to make an oral presentation to the ASC. If a State Agency has filed a request for an oral presentation, the matter must be heard within 45 days. An oral presentation will be considered an opportunity to offer, emphasize, and clarify the facts, policies and laws concerning the proceeding. The oral presentation is not a meeting of the ASC and is exempt from the open meeting requirements pursuant to the Sunshine Act of 1976 (5 U.S.C. 552b(c)). On the appropriate date and time, the State Agency will make the oral presentation before the ASC. Any ASC member may ask pertinent questions relating to the content of the oral presentation or any written briefs, memoranda, or statements submitted. Oral presentations will not be recorded or otherwise transcribed. Summary notes will be taken by ASC staff and made part of the record on which the ASC will decide the matter.

(e) *Conduct of Interim Action Proceedings.*

(1) *Written submissions.* All aspects of the proceeding will be conducted by written submissions, except for oral presentations allowed under § 1102.604(d).

(2) *Disqualifications.* An ASC member who deems themselves disqualified may withdraw at any time. Upon receipt of a timely and sufficient affidavit of personal bias or disqualification of a member, the ASC will rule on the matter as a part of the record.

(3) *Authority of ASC Chairperson.* The Chairperson of the ASC will have the duty to conduct the proceeding in a fair and impartial manner and to take all necessary action to avoid delay in the disposition of the proceeding.

(4) *Rules of Evidence.* Except as is otherwise set forth in this section, relevant material and reliable evidence that is not unduly repetitive is admissible to the fullest extent authorized by the Administrative Procedure Act (5 U.S.C. 551-559) and other applicable laws.

(f) *Decision of the ASC and Judicial Review.* Within 90 days after the date of publication of the Notice in the *Federal Register*, or in the case of an oral presentation having been granted within 30 days after the presentation, the ASC must issue a final decision, findings and conclusions and must publish the decision promptly in the *Federal Register*. The final decision will be effective on issuance. The ASC's Executive Director will promptly disseminate the final decision to the State Agency. A final decision of the ASC is a prerequisite to seeking judicial review.

(g) *Computing Time.* For the purposes of this section, time computation is based on business days. The date of the act, event, or default from which the designated period begins to run is not included. The last day is included unless the day is a Saturday,

Sunday, or federal holiday, in which case the period runs until the end of the next day which is not a Saturday, Sunday, or federal holiday.

(h) *Documents and Exhibits.* Unless otherwise provided by law, all documents, papers, and exhibits filed in connection with the proceeding, other than those that may be withheld from disclosure under applicable law, will be placed by the ASC's Executive Director in the proceeding's file and will be available for public inspection and copying.

(i) *Judicial Review.* A final decision of the ASC under this section will be subject to judicial review. The form of proceeding for judicial review may include any applicable form of legal action, including actions for declaratory judgments or writs of prohibitory or mandatory injunction in a court of competent jurisdiction.

§ 1102.605 Procedures governing non-recognition proceedings.

A Finding of "Poor" issued to a State Agency at the conclusion of a Compliance Review may trigger the commencement of a non-recognition proceeding under section 1118 of Title XI (12 U.S.C. 3347), prescribed in subpart B of this part, to impose the enforcement action of derecognition, as set forth in § 1102.602(j), on a State Agency's appraiser regulatory program.

By the Appraisal Subcommittee,

Dated:

Zixta Martinez
Chairperson.

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