

Briefing Summary Notes Cover Page

September 15, 2021

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
MAY 26, 2021**

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FRB – Keith Coughlin
FHFA – Robert Witt
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – James Rives

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Grants Director – Mark Abbott
Attorney-Advisor – Ada Bohorfoush
Financial Manager – Girard Hull
Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly
Policy Manager – Neal Fenochietti
Policy Manager – Kristi Klamet
Policy Manager – Jenny Tidwell
Regulatory Affairs Specialist – Maria Brown

PRESENTER: CLEAR, Inc. – David Byerman

OBSERVERS: See attached list

The Briefing was called to order at 10:00 a.m. by Chair T. Segerson. The following items were discussed: (1) Census/Survey Project; (2) Temporary Waiver Rule; and (3) Appraisal Foundation Monitoring and Review Policy.

Census/Survey Project (Project)

M. Abbott noted that D. Byerman from CLEAR was present to answer questions. M. Abbott said that the goal of this Project is to produce statistically valid data that depicts accurate and current demographics of the real property appraisal profession. It will also provide a trend analysis that will allow the ASC to understand short, medium, and long-term trends and needs in the profession. There will be multiple sections of the Project along with multiple methodologies that may include a survey, one-on-one interviews, and panel discussions/roundtables. This request for \$150,000 is for the ASC and CLEAR to develop a Statement of Work (SOW) and estimated total budget. CLEAR will manage the procurement of appropriate experts – both individuals and organizations – that will be invited to submit proposals to conduct the research developed by CLEAR with the direct input of the ASC staff and Board members. Additional

budget authority to carry out the Project will be requested once the details are finalized. K. Coughlin asked what role CLEAR would play. M. Abbott responded that a third party would be selected and CLEAR will be the project manager. K. Coughlin asked if the results would be used for efforts or to inform decisions regarding diversity, equality and inclusion (DEI) within the appraisal profession. M. Abbott responded “yes” but that is not only reason for this Project. He added that until demographics of the appraisal profession are understood, it is difficult to make recommendations. The DEI information is only part of the results that would come out of this Project. The Project could also include a section on who is utilizing appraisal services and what are their thoughts on those appraisal reports. The results should give an accurate depiction of who is an appraiser and what steps they took to become an appraiser. D. Byerman said that CLEAR has conducted similar surveys in the past. If DEI issues are to be addressed, the ASC needs to know the demographics. U. S. Bureau of Labor Statistics findings show that the appraisal profession is one of the least diverse. The Project should have a statistically defensible and highly accurate overview of the appraisal profession makeup. M. Abbott said it would also address appraiser shortages in the U.S. He added whether CLEAR will prepare the final Study or another party is yet to be determined and noted this is not an inexpensive venture so the ASC should develop it carefully and correctly. J. Jilovec asked if compiling demographics would be the first step in the process. M. Abbott responded “yes,” it would give the ASC the data needed to suggest changes in the appraisal profession. The ASC can then move towards a collective support for change around DEI issues. J. Jilovec asked if the second step would be an assessment of the results and how to address problem areas. M. Abbott responded “yes.” The ASC could also launch of a series of initiatives between the ASC, member agencies and outside stakeholders. J. Schroeder asked if data from the recent Appraisal Foundation (TAF) survey could be leveraged for this project. D. Byerman responded “no” because TAF’s survey did not have a methodology to screen or validate the responses. K. Coughlin asked if appraiser data provided by States would be leveraged and if financial institutions would also be part of this Project since they are users of appraisal services. M. Abbott responded that would not be part of the demographic study but a part of the workforce study. The workforce study would include quality of work product and other forms of appraisal products being used. The National Registry is very robust, and funds would be provided for a data analyst to review the National Registry database to see if trends can be inferred from that dataset. Financial institutions would have a different dataset that might be helpful to review as well. These datasets could be combined for research purposes. J. Park said that a large lender did submit a request requesting that the ASC conduct a survey on appraiser demographics. J. Rives said that OCC would support this Project and asked if a total cost is known. He also asked if TAF would participate in this project. M. Abbott responded that the budget would vary depending on the final SOW but felt that it would be in the mid to high six figures. D. Byerman agreed saying that until the scope of the project and the GAAP analysis is completed, a final budget number cannot be determined. He has reached out to TAF to work on the needs assessment under the cooperative agreement. J. Rives asked how the Project results may be used. M. Abbott said the results would be published and may be helpful to others studying appraisal profession demographics. D. Byerman said that the longer-term goal is to create business practices that will allow the ASC to continuously monitor changes in the appraisal profession. J. Rives asked that if the Real Estate Valuation Fairness and Improvement Act is passed by Congress, would funding in that Act replace ASC funding of this Project. M. Abbott said he did not think so but there could be some overlap. J. Schroeder asked

what response level the ASC hopes to receive from respondents. D. Byerman responded that there are currently many stories on DEI in the news. The ASC will need to have good messaging to publicize this Project. T. Segerson asked if there should also be a consumer or business owner component to this Project; should the ASC also try to get a better picture not only of what the future demographics of appraisers will be, but the appraisal technology as well. M. Abbott responded that there are a lot of externalities to a workforce development study; these items could be a subset of the survey. As the ASC moves towards developing a SOW, a plan can be developed of when and how to approach future studies. T. Segerson agreed that it is good to get a baseline, but if the appraisal profession shifts, those items could be integral to this Project. J. Park suggested including lenders and regulators to determine if there are advantages and disadvantages for automated valuation models and appraisal waivers. T. Segerson noted that ASC member agencies are doing outreach on DEI issues and they may be able to provide some thoughts. M. Abbott responded that the member agencies will be contacted to request whether they would allow the ASC access to any work they have already done in these areas. (D. Byerman left Briefing).

Temporary Waiver Rule (Rule)

A. Ritter said that a draft was distributed to ASC members. The draft seeks to provide clarity, such as definitions, that is missing in the current Rule. The draft includes wording to allow the ASC to coordinate a temporary waiver submission with the affected State agency. It would also seek to allow States to process complaints against unlicensed appraisers who perform appraisals under a Temporary Waiver Order. The draft proposes 90 calendar days from the date the notice is published in the *Federal Register* for the ASC to either grant or deny a waiver, in whole or in part. In the case of an approval which requires FFIEC approval, FFIEC consideration of an ASC Order is anticipated to occur at the earliest convenience of the FFIEC and would not be subject to the ASC's 90-day timeframe for determination. She noted that grant funds could be provided to States if they are preparing a temporary waiver submission or studying a petition at the ASC's request. The Preamble will be revised based on edits received from the members. J. Schroeder was pleased that additional time was added to determine if temporary waiver submission requirements were met by the requestor. K. Coughlin thought the draft was well written and FRB staff will provide feedback. He did feel that the definitions for scarcity and delay need further clarification. He asked if the Interim Approval Order is an addition or if it is in the current Rule. A. Ritter responded that it is in the existing Rule. She will send ASC members a tracked version of the draft Rule following this Briefing.

Appraisal Foundation Monitoring and Review Policy

J. Park requested that this item be tabled. ASC staff is working on a revised Policy and will schedule a Briefing at a later date. T. Segerson requested that ASC staff send out the revised Policy for ASC review at least two weeks in advance of the Briefing.

The Briefing adjourned at 11:00 a.m.

Attachment: Observer List

Meeting:	Appraisal Subcommittee Briefing	Meeting Date:	May 26, 2021
Contact:	Lori Schuster	Location:	Zoom Meeting
Time:	10:00 AM ET	Alternate Contact:	Brian Kelly

Name	Affiliation
Deana Krumhansl	Consumer Financial Protection Bureau
Orlando Orellano	Consumer Financial Protection Bureau
Brian Barnes	Department of Housing and Urban Development
Richard Foley	Federal Deposit Insurance Corporation
Patrick Mancoske	Federal Deposit Insurance Corporation
George Parkerson	Federal Deposit Insurance Corporation
Sara Todd	Federal Housing Finance Agency
Trevor Feigleson	Federal Reserve Board
Carmen Holly	Federal Reserve Board
David Imhoff	Federal Reserve Board
Devyn Jeffereis	Federal Reserve Board
Matt Suntag	Federal Reserve Board
Rachel Ackmann	National Credit Union Administration
Gira Bose	National Credit Union Administration
Will Binkley	Office of the Comptroller of the Currency
Joanne Phillips	Office of the Comptroller of the Currency
Will Binkley	Office of the Comptroller of the Currency

**APPRAISAL SUBCOMMITTEE
SUMMARY BRIEFING NOTES
JULY 22, 2021**

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
FRB – Keith Coughlin
FHFA – Robert Witt
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – Enice Thomas

ASC STAFF: Executive Director – Jim Park
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Management and Program Analyst – Lori Schuster
Administrative Officer – Brian Kelly
Policy Manager – Claire Brooks
Policy Manager – Neal Fenochietti
Policy Manager – Kristi Klamet
Regulatory Affairs Specialist – Maria Brown

OBSERVERS: See attached list

The Briefing, held via Zoom, was called to order at 11:00 a.m. by Chair T. Segerson. The following items were discussed: (1) Policy on Monitoring and Reviewing the Appraisal Foundation; and (2) GAO Report/Temporary Waiver Rulemaking.

Policy on Monitoring and Reviewing the Appraisal Foundation

J. Park summarized the ASC staff recommended changes to the Policy on Monitoring and Reviewing the Appraisal Foundation (TAF). These changes include:

- ASC staff will attend public meetings as observers of the Appraiser Qualifications (AQB) and Appraisal Standards (ASB) Boards as well as the Board of Trustees. This will be delegated to staff on a rotating basis.
- ASC staff will not routinely attend work sessions, conference calls, closed sessions or committee, subcommittee or subject matter expert panel meetings, but will be available for those meetings on an as needed basis.

- ASC staff will provide written public comment on TAF exposure drafts and other work product.
- Written memos prepared by ASC staff for Foundation staff regarding Foundation meetings will be provided to the Foundation for review and comment prior to finalization, with a one-week turnaround time.
- ASC staff will request meeting materials and minutes for all meetings (public and private).

ASC staff agrees that rotating attendance at TAF meetings has been effective thus far. The Department of Justice (DOJ) has provided an assessment that ASC staff observation memoranda of TAF Meetings could be releasable under the Freedom of Information Act (FOIA). ASC staff plans to continue writing observation memoranda as needed. If the ASC is amenable to the recommended changes, this could be an action item for the September 15th ASC Meeting. J. Jilovec agreed that this item should be considered by the ASC at its next Meeting. E. Thomas asked if TAF provided input on this Policy and J. Park responded “no.” J. Park added that if the ASC concurs, he will discuss the changes in general terms with TAF staff when he is in DC next week. T. Segerson said the ASC should discuss observation memoranda further if they are considered a FOIA-able document. It is important to have a flow of information and transparency with TAF. He prefers written communications over in-person conversations since those can be misconstrued or mischaracterized. J. Schroeder thought that rotating ASC staff attendance at TAF meetings is worthwhile. He asked if the Practical Guide has been amended or rescinded. A. Ritter responded that the Practical Guide was a staff draft document and not approved by the ASC, and therefore not amended or rescinded. T. Segerson commented that the ASC needs to ensure that the observation memo perceptions are being communicated correctly and agreed TAF should have the opportunity to respond. If there are material differences, then a discussion on those differences can be scheduled. J. Park noted his concern that as a result of the recent departure of the ASB Chair, the ASB membership currently has only two real property appraisers. J. Park suggested that a letter would be helpful. J. Schroeder noted that the departure of the ASB Chair is a significant development and putting the ASC’s concerns in writing is important. A letter from the ASC expressing its concern over the loss of institutional knowledge and possible grant assistance may be necessary. K. Coughlin was agreeable with the ASC sending a letter to TAF with concerns about the ASB board make-up and to also include diversity. J. Jilovec and E. Thomas agreed that a letter to TAF is a good idea. J. Park noted that M. Abbott is working on the Notice of Financial Assistance (NOFA) for FY22, and this could be included in the NOFA.

GAO Report/Temporary Waiver Rulemaking

A. Ritter reported that she received comments to the draft Rule. She will incorporate edits and send out a revised draft. She wanted to ensure that the ASC members were amenable with moving forward on rulemaking. J. Schroeder agreed that the Rule needs to be revised as the current Rule is not well defined on what information is required, definitions in the Rule are unclear; and the 45-day turnaround should be increased. He added this is an inherently procedural Rule. K. Coughlin said that the FRB is in support of moving forward. A. Ritter said

that if there is no objection, ASC staff will move forward on the Rule to be acted on at a future ASC Meeting. B. Borland, J. Jilovec and E. Thomas were also in agreement of moving forward. J. Schroeder reiterated that the next step is for ASC staff to send a revised draft to the ASC.

The following item was discussed but not included on the agenda:

Appraisal Bias

J. Schroeder asked for the status of the Review of USPAP and the AQB Criteria. J. Park responded that CLEAR has hired a project manager to oversee this project. Interested parties should submit proposals to CLEAR by August 6th. He added that the leadership of the Interagency Task Force on Property Assessment Valuation Equity (PAVE) asked if the review can be completed within 180 days so that it can be included in their recommendations. The ASC will request a 120-day timeframe to meet the request from PAVE. J. Schroeder noted that CLEAR may need to hire additional subject matter experts to meet this deadline.

J. Schroeder requested ASC staff to send out an overview of today's Briefing to the ASC members within the next week.

The Briefing adjourned at 11:50 a.m.

Attachment: Observer List

Meeting:	Appraisal Subcommittee Briefing	Meeting Date:	July 22, 2021
Contact:	Lori Schuster	Location:	Zoom Meeting
Time:	11:00 AM ET	Alternate Contact:	Brian Kelly

Name	Affiliation
Deana Krumhansl	Consumer Financial Protection Bureau
Orlando Orellano	Consumer Financial Protection Bureau
Richard Foley	Federal Deposit Insurance Corporation
Patrick Mancoske	Federal Deposit Insurance Corporation
Lauren Whitaker	Federal Deposit Insurance Corporation
David Imhoff	Federal Reserve Board
Devyn Jeffreis	Federal Reserve Board
Matt Suntag	Federal Reserve Board
Will Binkley	Office of the Comptroller of the Currency
Jim Rives	Office of the Comptroller of the Currency