

Open Session Cover Page

September 15, 2021

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Agenda

Date: September 15, 2021
Time: 10:00 a.m. ET
Location: Virtual Meeting. Please click the link below to register:
<https://www.zoomgov.com/meeting/register/vJIsd-6sqTMjEr7IVxX3sRBvOq2zD5j6IA>

Open Session

Reports

- | | |
|----------------------|-------------|
| • Chairman | T. Segerson |
| • Executive Director | J. Park |
| • Grants Director | M. Abbott |
| • Financial Report | G. Hull |

Action and Discussion Items

- | | |
|---|-----------------|
| • Approval of Minutes | T. Segerson |
| ○ June 2, 2021 Open Session Quarterly Meeting | |
| • FY22 Notice of Funding Availability Summary for the Appraisal Foundation | M. Abbott |
| • FY22 Notice of Funding Availability Summary for State Support Grants | M. Abbott |
| • FY22 ASC Budget Proposal | J. Park/G. Hull |
| • Proposed revisions to the Policy on Monitoring and Reviewing the Appraisal Foundation | J. Park |



Appraisal Subcommittee

Federal Financial Institutions Examination Council

TO: Appraisal Subcommittee
FROM: Jim Park, Executive Director
DATE: September 1, 2021
RE: Executive Director's Report

Appraisal Subcommittee Meetings and Briefings

The next ASC Meeting is scheduled for 10:00 a.m. EDT September 15. A Briefing is also scheduled for 10:00 a.m. September 8.

State Off-Site Assessments (SOA)

The SOA process, which was initiated at the beginning of 2021, is going well with 9 SOAs completed and 11 currently in process. State Appraiser Regulatory Programs appear to be performing reasonably well. However, we are finding that a number of States are struggling with compliance in their appraisal management company oversight programs. Policy Managers are working to assist these States and clarify compliance requirements.

Appraisal Foundation

- Appraisal Standards Board (ASB)

The ASB published its first exposure draft of proposed changes to USPAP for the 2023 edition. The exposure draft was emailed to the Board August 19. We continue to have concerns about the makeup of the ASB and the lack of real estate appraisal expertise on the Board. Moreover, several of the proposed revisions reverse changes that were just made during the prior revision process.

- Appraiser Qualifications Board (AQB)

- During their August 24 meeting, the AQB adopted a General Interpretation of the Criteria to emphasize that education and experience verification must be completely verified by the State before an applicant is approved to sit for the National Examination (Exam), and that applicants cannot self-verify their experience to qualify for the Exam, effective January 2022. ASC staff provided a public comment letter expressing our concerns regarding their proposal. The

comment letter is included in the FYI Section of the September 15 meeting package.

Given ASC staff concerns regarding the AQB's authority to adopt this Interpretation, we plan to use regulatory discretion if a State implements the Criteria but does not strictly follow this Interpretation.

ASC Roundtable(s)

The first Roundtable is scheduled for September 22 from 11:00 a.m. – 1:30 p.m. EDT using Zoom. We will continue to provide more details as they become available.

Grants Program

Foundation Grant

Staff is maintaining the three-year grant cycle for TAF totaling \$3M (\$1M annually) to support the TAF innovation and reform grant. This grant was designed to support AQB and ASB operations and provide resources for TAF to develop and implement improvements such as a new revenue model. Funds are also available for TAF to hire outside consultants to review the structure, efficiency, and effectiveness of the three TAF Boards.

State Grants

In FY21, the ASC awarded \$1.25M for State Grants, with commitments to award \$10M over three years. For FY22, staff again proposes budgeting \$3,300,000 for the second year of this program. Another State, Mississippi, appears to be poised to request a grant to increase and diversify the population of appraisers in the State.

Regulator Training Course

CLEAR, in partnership with AARO, has developed a Regulator Training Course for State appraiser/AMC program personnel. The first training classes are scheduled to be delivered on October 14, 2021.

Training and Technical Assistance

In FY20, the ASC Board authorized \$1,050,000 for Training and Technical Assistance to States for fiscal years 2021-2023. In FY21, the ASC awarded a base grant of \$350,000 (Year one of the \$1,050,000) plus supplemental awards totaling \$400,000 to support a review of the industry Standards and Criteria and the initial phases of an industry census/survey for a total of \$750,000.

The Standards and Criteria study as well as the census/survey are underway. We are striving to have the Standards and Criteria review completed by the end of 2021 or early 2022. The timing for completion of the census/survey is less clear at this time, but we would like to have it completed by mid-2022.

HUD PAVE Task Force

ASC staff continues to work closely with HUD staff and contribute to the PAVE Task Force. I provided a brief presentation to the PAVE Task Force Principals during their initial meeting on August 8, 2021.

HUD Office of Fair Housing and Equal Opportunity (FHEO)

An Assistant Secretary in the HUD FHEO requested that ASC staff provide a presentation on tools to investigate appraisal complaints to the investigators and Office of General Counsel staff to assist them in their investigations. On August 26, Denise Graves and Ada Bohorfoush gave a one-hour presentation followed by 45 minutes of Q&A to 114 HUD investigators and attorneys. I've received very positive feedback and an inquiry from HUD about expanding the training.

GAO Review of the ASC Temporary Waiver Authority

ASC staff reviewed the draft Statement of Facts and informed the GAO that we have no disagreements or comments, and therefore provided no written feedback. As a result, we agreed to cancel the August 5th exit conference. The GAO team indicated we will have an opportunity to provide official comment on the final report prior to issuance. They plan to circulate the final report to the agencies sometime in September once the report clears GAO's internal review processes.

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
JUNE 2, 2021**

LOCATION: Zoom Meeting

ATTENDEES

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

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

OBSERVERS: See attached list

The Meeting was called to order at 10:00 a.m. by Chair T. Segerson.

ACTION ITEMS

- **May 14, 2021 Open Session Special Meeting Minutes**

J. Schroeder made a motion to approve the May 14th open session special meeting minutes as presented. K. Coughlin seconded and all members present voted to approve.

- **Census/Survey Project**

J. Park outlined the Census/Survey Project (Project). ASC staff is seeking initial budget authority of \$150,000 to initiate a comprehensive census/survey of stakeholders in the real property appraisal profession, including appraisers, appraisal management companies (AMC), lenders, State appraisal and AMC regulators and Fair Housing and Lending authorities to understand demographics and trends in the appraisal industry. He felt this Project is long overdue, noting a request he received recently from a group of chief appraisers representing some of the largest banks and financial services providers in the U.S. pointing out the need for such a Project. M. Abbott provided additional details. The Project would include, but not be limited to, the following: (1) actual number of appraisers in the industry including the number of unique or individual appraisers and number and type of credentials held by appraisers; (2) demographics of appraisers including age, gender, race and education level; (3) years of appraisal experience; (4) government entity approval (*e.g.*, FHA or VA); (5) full or part-time appraiser; (6) number of appraisers leaving the profession each year due to lapsed credentials or planned retirement; (7) number of registered trainees; (8) primary role of appraisers; and (9) quality and availability of appraisal services. B. Borland asked how this data would be used. M. Abbott responded that the data may be used in different ways by various stakeholders. It may be used for workforce planning by some or to see what backgrounds appraisers have. The data could also help determine how grant funds could be used. D. Byerman added that, based on data from the U.S. Bureau of Labor Statistics, there is a lack of diversity and geographic shortages in the appraisal profession. B.

Borland asked how personal information will be used and protected. D. Byerman responded that the Project will attempt to combine datasets from different agencies. Memorandums of Understanding will be prepared to allow confidentiality to be maintained. It is within the realm of possibility to do a field census of the entire real property appraisal profession. The data collected must also be validated. M. Abbott added that data from the Appraiser Registry will include a series of protocols to mask personal information. J. Schroeder said it must be clear to respondents that participation is voluntary. M. Abbott added that since this will be a federal collection, it will need approval from the Office of Management and Budget. He added that the hope is to get a statistically valid sample for extrapolation so participation will be encouraged. M. Abbott noted that depending on the methodology used, the Project should give the ASC a more robust understanding of appraiser demographics. The results could also help to reduce unintended barriers and get a more diverse population of appraisers. D. Byerman added that the first step is to diagnose the problem. There are real challenges in the appraisal profession in terms of succession planning and diversity, but the data is not available to support this. M. Abbott suggested that AMCs and lenders would be able to provide their perspectives. College and university programs could also be part of the Project. J. Park added that the National Association of Realtors did a comprehensive survey of the appraisal industry in 2017. That research showed that, within ten years, there could be numerous appraisers leaving the profession without new entrants into the profession. B. Borland wanted to verify that the ASC would only be gathering data to see the demographics. M. Abbott responded that there is no agenda, just fact finding. T. Segerson commented that there have been times when there is a geographic lack of appraisers available to meet demand

as market conditions change. He also questioned how long it takes to complete the education, experience and testing requirements to become an appraiser. M. Abbott responded that part of the Project will include how long it takes to become an appraiser and if those persons felt there were any barriers. D. Byerman added that the geographic breakdown will be a very useful data point that could point to systemic biases or barriers to entry. T. Segerson asked for a motion to approve initial budget authority of \$150,000 to initiate a comprehensive census/survey of stakeholders in the real property appraiser profession. This level of funding will allow the ASC to collect available data sets, analyze the data and design a research methodology to conduct the census/survey. A separate budget request to support implementation of the survey will be requested once the ASC staff and CLEAR have reviewed bids for the Project. K. Coughlin moved to approve the motion. J. Schroeder seconded and all members present voted to approve.

The Open Session adjourned at 10:33 a.m. The next regularly scheduled ASC Meeting will be held on September 15, 2021.

Attachment: Observer list

Meeting:	Appraisal Subcommittee Meeting	Meeting Date:	June 2, 2021
Time:	10:00 AM ET	Location:	Zoom Meeting

Observers	
Name	Affiliation
Justin Kane	American Society of Appraisers
David Bunton	Appraisal Foundation
Kelly Davids	Appraisal Foundation
Lisa Desmarais	Appraisal Foundation
Edna Nkemngu	Appraisal Foundation
Scott DiBiasio	Appraisal Institute
Brendan Donnelly	Appraisal Institute
Brian Rodgers	Appraisal Institute
David Byerman	CLEAR, Inc.
Jodie Markey	CLEAR, Inc.
John Brenan	Clear Capital
David Cherner	Clear Capital
Daniel Berkland	Conference of State Bank Supervisors
Deana Krumhansl	Consumer Financial Protection Bureau
Orlando Orellano	Consumer Financial Protection Bureau
Brian Barnes	Department of Housing and Urban Development
Susan Cohen	Diversity Marketing and Communications, Inc.
Richard Foley	Federal Deposit Insurance Corporation

Patrick Mancoske	Federal Deposit Insurance Corporation
Trevor Feigleson	Federal Reserve Board
David Imhoff	Federal Reserve Board
Devyn Jeffreis	Federal Reserve Board
Derald Seid	Federal Reserve Board
Matthew Suntag	Federal Reserve Board
Deborah Geiger	Geiger Communications
Peter Gallo	HomeSight Appraisal, LLC
James Rist	Minnesota Department of Commerce
Rachel Ackmann	National Credit Union Administration
Gira Bose	National Credit Union Administration
Will Binkley	Office of the Comptroller of the Currency
Stacey Fluellen	Office of the Comptroller of the Currency
Kevin Lawton	Office of the Comptroller of the Currency
Precious Umunna	Senator Amy Klobuchar's Office
Peter Christensen	Valuation Legal

NOTICE OF FUNDING AVAILABILITY (NOFA)

Overview

Federal Agency Name: The Appraisal Subcommittee (ASC)

Funding Opportunity Title: Board Support and Innovation Grant

Announcement Type: Federal, Non-Competitive Grant

Eligible Entities: The Appraisal Foundation (TAF)

Application Deadline: November 30, 2021

Award Period: October 1, 2021 – September 30, 2023 (2 Year Award)

Available Funds: \$2,000,000 over two years; \$1,000,000 in Year 1

Number of Awards: 1

Authorization: Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), Title XI § 1109 (b)(4), 12 U.S.C. 3338 (Title XI)

BACKGROUND

Title XI's purpose is to "provide that Federal financial and public policy interests in real estate 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, and by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision." In general, the ASC oversees the real estate appraisal regulatory framework as it relates to federally related transactions as defined in Title XI.

Title XI also requires the ASC to monitor and review the practices, procedures, activities and organizational structure of TAF and authorizes the ASC to grant funds as it deems appropriate to TAF to support grant-eligible activities of the Appraiser Qualifications and Appraisal Standards Boards (AQB and ASB).

PURPOSE

Make funds available to TAF to support operations of the AQB and ASB, including projects and activities that promote innovation and reform of the AQB and ASB grant-eligible activities.

I. PROPOSED ACTIVITIES

The ASC invites a proposal from TAF for federal grant support for the following activities:

A. Support for AQB and ASB Activities. TAF can request up to 50% of the available funds to support grant-eligible AQB/ASB activities in FY 2022. The proposal should reflect COVID-19-related logistical considerations and plan for both in-person or virtual meetings or a combination of the two for the next fiscal year.

B. USPAP Publishing and Revenue Model. TAF can request funds to commission an outside study to review the current publishing cycle for USPAP and its connection to TAF's revenue needs. The study should review alternative revenue models and provide estimates for technology and staffing costs to develop cost-effective and sustainable models to support TAF's operations related to the work of the AQB and ASB and the real estate valuation industry overall.

C. AQB/ASB/Board of Trustees (BOT) Operational Assessment. TAF can request funds to use outside experts to assess structure, operations and programmatic impact of the Boards' work. The assessment can include analysis and recommendations related to legal support and review of the Boards' work product, general professional board staffing, diversity of the Boards, independence and governance (Board term lengths, recruitment/selection strategies) of the Boards, etc. The funds could also be used to examine the impact to the real property standards by having them intermingled with personal property and business valuation standards which are not regulated professions.

D. Free USPAP. Grant funds may be used to provide Trainees and credentialed appraisers with a free or reduced cost copy of Standards 1-4 and associated annotations.

E. Other Initiatives. TAF can propose additional areas or initiatives for grant support, including, but not limited to addressing:

- appraiser shortages
- diversity in the profession
- veterans' outreach
- National Exam updates

NOTICE OF FUNDING AVAILABILITY

Overview

Federal Agency Name: The Appraisal Subcommittee

Funding Opportunity Title: State Appraiser Regulatory Agencies Support Grants

Announcement Type: Non-Competitive Federal Grants for New, Continuation and Supplemental Awards

Eligible Applicants: State Appraiser Certifying and Licensing Agencies (State Agencies)

Application Deadlines:

New Applications - rolling beginning October 1, 2021–July 30, 2022

Continuation Applications - rolling beginning October 1, 2021– July 30, 2022

Special Initiative/Supplemental Application - rolling open to State with existing awards

Award Period: October 1, 2021 – September 30, 2023

Funds Available: Remaining funds from the \$10 Million authorized in 2020 by the ASC Board

Authorization: Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), Title XI § 1109 (b)(4), 12 U.S.C. 3338 (Title XI)

I. PROGRAM DESCRIPTION

This announcement and awards under this program are authorized under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (Title XI), section 1109 (b)(5), 12 U.S.C. 3338. Provisions under Title XI allow the Appraisal Subcommittee (ASC) to award grants to improve State appraiser regulatory processes and advance the appraisal industry with high-quality, impact-oriented programming.

A. Background. Title XI requires the ASC to provide federal oversight of State appraiser and appraisal management company (AMC) regulatory programs and a monitoring framework for the Appraisal Foundation and the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals used in federally related transactions.

B. Purpose of the Program. The ASC will provide funds to eligible applicants to advance the appraiser regulatory field through support for programs, activities and purchases that include:

1. Improvements to and/or expansion of the appraiser and AMC complaint process, investigations, and enforcement activities;
2. Improvements to the process of submitting data on State credentialed appraisers and registered AMCs to the National Registries;
3. Participation in trainings and conferences to increase professional competency in the management and regulation of Appraiser and AMC Programs;
4. Expansion of appraiser credentialing opportunities in under-served markets; and/or
5. Other areas proposed by State Agencies and approved by the ASC.

C. Funded Activities. The ASC has identified the below budget categories to support proposed activities. The list is not inclusive, and applicants may propose other categories and activities to meet the purpose of the program described in B above. Activities should be new or an expansion of existing activities/programs. Federal funds should not be used to supplant expenditures already supported with State funds. Funds will be awarded to support ongoing (*e.g.*, annual participation in conferences or software subscriptions) and one-time (*e.g.*, computer upgrades or IT development projects) expenditures in categories that include:

1. Technology
2. Travel
3. Communications
4. Personnel
5. Training
6. Supplies
7. Other

D. Supplemental Funds: States and Territories with existing ASC State Support Grants can apply for additional funding if they identify special initiatives, needs or projects that have costs that exceed the \$120,000 available to each eligible entity under this NOFA. Before applying for supplemental funds, grantees must contact the ASC Grants Director to discuss the needs and planned activities. Supplemental funds are available on a limited basis and ASC will give priority to applicants that request funds for initiatives that have potential to be a national demonstration project or have a positive programmatic impact that extends beyond the jurisdiction of the applicant. Further priority will be given for proposals that seek to increase the quality of training given to trainees to address the shortage of appraisers, and accordingly may positively impact the lack of diversity in the appraiser profession.

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

Memorandum

To: Appraisal Subcommittee

From: Jim Park, Executive Director

RE: Fiscal Year 2022 Budget Proposal

Date: September 1, 2021

Fiscal Year 2022 (FY22) Budget Summary

- ❖ FY21 Ending Balance – \$6,821,646
- ❖ FY22 Net Revenue (projected) – \$9,160,555
 - \$3,407,500 – Appraiser Registry Fees
 - \$5,753,055 – AMC Registry Fees
- ❖ FY22 Operating Expenses – \$4,237,000
- ❖ FY22 Appraisal Foundation Grant – \$1,000,000 (proposed)
- ❖ FY22 State Grants – \$3,300,000
- ❖ FY22 Training/Technical Assistance Cooperative Agreements – \$500,000 (\$150,000 proposed new)
- ❖ FY22 Total Expenses (Operating expenses and grants) – \$9,049,215
- ❖ Net Income (after FY22 proposed expenses) – \$111,340
- ❖ Projected end of FY22 Reserve – \$2,145,201 (available for future grants/initiatives)
- ❖ Standing Operating Reserve – \$4,200,000
- ❖ FY23 Outyear grant commitments – \$4,800,000

Revenue

Total revenue for FY22 is projected to be \$9,160,555. The Appraiser Registry fee projection is based on the \$40 annual Appraiser Registry fee multiplied by a projected 94,000 credentials on the Appraiser Registry in FY22. During the past two years, the number of registry credentials have remained at approximately 94,000. Included in the revenue projection is the PAYGO fee reduction of \$352,500, representing 9% of the estimated Appraiser Registry fee revenue.

States began populating the Appraisal Management Company (AMC) Registry in September 2018. As of August 2021, there are 45 States (and DC) on the AMC Registry that are projected to generate \$6.4M in revenue for FY21. Five States are not yet populating the AMC Registry (GA, HI, MA, ME and MI), staff anticipates 3 of these States coming onboard in FY22. With 48 States populating the AMC Registry, we project total AMC revenue for FY22 of approximately

\$5.7M. AMC FY22 revenue projections were developed by analyzing year-over-year invoicing data and calculating AMC panel utilization rates for States paying AMC Registry fees. Our analysis determined that roughly half of States paying AMC Registry fees are remitting payments that seem to indicate AMCs have begun to reduce their use of individual appraisers to reduce their AMC Registry fees which has been anticipated. Therefore, the FY22 AMC fee projections reflect this trend.

ASC Operating Expenditures

Personnel Compensation

In FY22, \$2,940,680 is budgeted for personnel, representing a 7% increase over the FY21 Budget. The FY22 Budget Proposal adds 1 additional full-time equivalent (FTE), increasing the staff from 14 to 15 FTE. Included is a cost-of-living increase of 2.7%, as proposed by President Biden. For FY22, \$2,138,558 is budgeted for total staff salaries. Included also are within-grade increases for four 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 \$748,497, an 11% increase over FY21. The FY22 personnel benefits amount is 34.5% of the FY22 personnel services budget.

Consistent with OMB guidance, \$42,625 is budgeted for Performance Awards (cash awards) in FY22, up 2.8% from \$41,458 in FY21.

\$11,000 is budgeted for ASC staff training.

Travel

The pandemic continues to create uncertainty regarding travel for FY22. ASC staff is tentatively proposing 145 budgeted trips for FY22. The budgeted trips will be for State Compliance Reviews, meetings and conference attendance.

Due to the anticipation of expected increases in airfare for FY22, we are proposing \$575 per trip representing a 5% addition over the FY21 budget.

In FY22, we are proposing lodging rates at \$150 per night based on average lodging rates for proposed travel using the GSA City Pair Program (CPP) contractual rates. In applying this same methodology for per diem rates, we estimate the average per-trip cost in FY22 to be \$1,220 as compared to \$1,665 for FY21. The reduction in the average trip cost is attributable to a reduced number of days per trip and a slight decrease in hotel costs.

FY21 travel is projected at \$20,000 or 16% of the \$121,945 budgeted.

Below is a summary of anticipated FY22 travel:

- State Compliance Reviews: 2
- Follow-up Reviews: 1
- Priority Contacts/EWS: 2
- State Off-site Assessments: 19
- Conferences: 1 All-Staff meeting and 2 AARO Conferences
- Appraisal Foundation Meetings (ASB, AQB, and BOT): 3
- State Regulatory Training: 5 State appraiser and AMC regulator training courses
- Speaking Engagements: 7
- Additional Staff Travel – DC Travel: 14 trips for new staff training, ASC Roundtable, and other meetings

Rent, Communications and Utilities

\$55,415 is budgeted for FY22 total rent, communications and utilities. This represents a 15% decrease from the FY21 budget of \$64,850 with savings resulting from reduced business phone costs along with reductions of staff local travel expenses.

\$9,170 in office space rent is proposed to cover expenses for ASC Meetings/Briefings and all-staff Meetings.

\$28,800 in telephone service charges are budgeted, representing a 23% decrease over the FY21 amount of \$37,540.

\$4,320 is budgeted for the off-site storage unit containing ASC files and documents.

\$835 is budgeted for local staff travel (mileage, taxi, public transportation, parking) to cover travel costs associated with meetings and other local business travel.

Printing and Reproduction

\$47,175 is budgeted in FY22 for printing and reproduction expenses. \$28,000 for *Federal Register* printing expenses along with \$3,500 for printing in the *Code of Federal Regulations* and includes \$3,000 for additional printing costs associated with grants information.

\$15,675 is budgeted in FY22 for copying and printing expenses including \$13,475 for printing and layout of the ASC Annual Report and \$2,200 for copying, shredding and other miscellaneous printing jobs.

Contracted Services

\$160,075 is budgeted in FY22 for GSA/OPM services with \$136,075 for GSA (USDA) providing grants audit procurement services, financial systems (decreased by 23%) and human resources support along with \$24,000 for OPM support services. The FY21 budgeted amount for GSA services was \$139,020.

\$60,000 is budgeted for a new Enterprise Resource Planning (ERP) System providing a more robust accounting system that will integrate procurement, project management and human resource operations.

\$35,900 is budgeted for the cost of the ASC annual audit representing a 3% increase over the FY21 amount of \$34,850.

During FY21, the ASC's Grants Office maintained its comprehensive analysis and review of the ASC's existing grants policies and operations, supported by the Grants Technical Assistance services contract. \$76,000 is budgeted in FY22 for these support services.

\$50,000 is budgeted in FY22 for possible TAF and State grants audits, eliminating the requirement for the annual Agreed-Upon Procedures Review. All remaining unused funds from the FY21 obligation of \$100,000 will be applied toward the FY22 proposed budgeted amount for this service.

In FY22 the ASC will host a Roundtable discussion forum or series of such forums. The FY21 Roundtable expenses are projected to be approximately \$69,000 for preparation and execution of the Roundtable(s).

\$250,000 is budgeted in FY22 for strategic communications and public relations services to promote the ASC objectives in accordance with the agency's strategic plan. This service includes \$138,000 for two Roundtable engagements. In FY21, \$75,000 was budgeted for this service.

IT Services

IT Contracted Services are estimated at \$133,040:

- \$28,140 for enhanced website hosting & internet connectivity
- \$50,400 for ASC IT contractor help desk services
- \$25,200 for ASC website maintenance
- \$2,000 for web-based anti-virus/malware
- \$2,000 for back-up and recovery service
- \$17,500 as a contingency fund to cover IT contractor costs for unanticipated expenses

- \$5,100 for Domain Name Service (DNS)
- \$2,700 for firewall service

License Renewals are estimated at \$17,650:

- \$9,000 for renewal of Office 365 licenses
- \$450 for GSA-provided dot.gov domain name registration
- \$1,700 for remote computer access provided by LogMeIn
- \$300 for Lynda online tutorial training
- \$3,200 for Adobe software
- \$3,000 for Zoom.Gov

Miscellaneous:

- \$20,000 for network security assessments and continuous monitoring

FY22 IT Projects:

- \$20,000 for Customer Relations Management software (scope analysis)
- \$14,000 for ASC document management (scope analysis)
- \$75,000 to finalize for ASC website (UAT, Deployment and Training)
- \$24,500 for Phase III development of Compliance Review software (scope analysis)
- \$21,000 to provide technical assistance to States with UID/SOAP

Miscellaneous Expenditures

For FY22, \$24,480 is budgeted to cover conference registrations (*e.g.*, AARO fall and spring, meeting registrations, etc.), subscriptions, bar dues, postage and transportation of things.

Federal Grants

Foundation Grant

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Depreciation

In FY22, \$24,480 is projected as the depreciation expense for the AMC Registry database and servers purchased in FY21.

Sequestration

Based on the OMB Report to the Congress on the Balanced Budget and Emergency Deficit Control Act 2022, sequestration for FY22 is 5.7% of available cash receipts. The application of this amount would establish \$522,151 of sequestered funds becoming available in FY23.

Attachments:

FY22 Proposed Budget Spreadsheet
ASC Profit & Loss Statement through June 30, 2021
2017-2022 ASC Reserve and Commitments graph

FY22 Proposed Budget

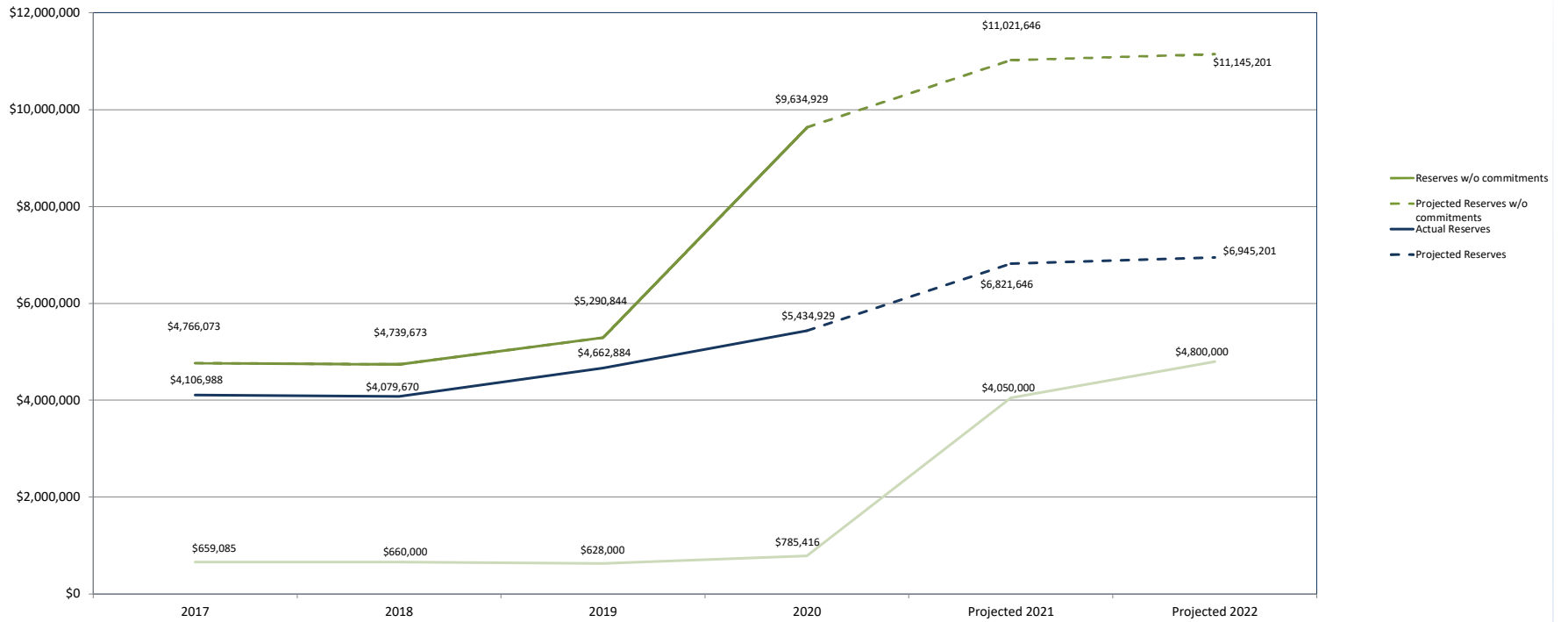
	C	D	E	F	G	H	I	J	K
				(E-D)	(F/E)	(C-D)	(H/D)	(C-E)	(J/E)
FY22 Operating Budget	Proposed Budget	Approved Budget	FY21	\$ Diff FY21 Budg	% Diff. FY21	\$ Diff FY22 Prop. Budg.	% Diff FY22 Prop. Budg.	\$ Diff FY22 Budg	% Diff FY22 Budg
Estimated Revenues:	FY22	FY21	Projected	vs. FY21 Proj	Budg. Vs. Proj.	vs. FY21 Budg.	vs. FY21 Budg.	vs. FY21 Proj.	vs. FY21 Proj.
Appraiser Registry Fees	\$ 3,760,000	\$ 3,720,000	\$ 3,420,044	\$ (299,956)	-8.77%	\$ 40,000	1.08%	\$ 339,956	9.9%
Less: 25% Pay-Go Requirement	\$ 352,500	\$ 348,750	\$ 320,629	\$ (28,121)	-8.77%	\$ (3,750)	-1.08%	\$ (31,871)	-9.9%
AMC Registry Fees	\$ 5,753,055	\$ 6,782,175	\$ 6,452,220	\$ (329,955)	-4.9%	\$ (1,029,120)	0.00%	\$ (699,165)	-10.8%
Total Revenues	\$ 9,160,555	\$ 10,153,425	\$ 9,551,635	\$ (601,790)	-5.93%	\$ (992,870)	-9.78%	\$ (391,080)	-4.1%
Expenses:									
Personnel Compensation:									
Salaries	\$ 2,138,558	\$ 2,013,543	\$ 2,023,658	\$ 10,115	0.5%	\$ 125,015	6.2%	\$ 114,900	5.7%
Personnel Benefits	\$ 748,497	\$ 674,539	\$ 699,644	\$ 25,104	3.7%	\$ 73,958	11.0%	\$ 48,854	7.0%
Cash Awards	\$ 42,625	\$ 41,458	\$ 41,458	\$ -	0.0%	\$ 1,167	2.8%	\$ 1,167	2.8%
Training	\$ 11,000	\$ 10,000	\$ 3,364	\$ (6,637)	-66.4%	\$ 1,000	10.0%	\$ 7,637	227.0%
Total Compensation:	\$ 2,940,680	\$ 2,739,540	\$ 2,768,123	\$ 28,583	1.0%	\$ 201,140	7.3%	\$ 172,557	6.2%
Travel:									
Compliance Review	\$ 4,880	\$ 28,305	\$ -	\$ (28,305)	-100.0%	\$ (23,425)	-82.8%	\$ 4,880	-
State Offsite Assessments (SOAs)	\$ 46,360	\$ -	\$ -	\$ -	-	\$ 46,360	-	\$ -	-
Supervising/Compliance	\$ 12,200	\$ 6,660	\$ -	\$ (6,660)	-100.0%	\$ 5,540	83.2%	\$ 12,200	-
Follow-up Review	\$ 1,220	\$ 1,665	\$ -	\$ (1,665)	-100.0%	\$ (445)	-26.7%	\$ 1,220	-
Priority Contact/EWS	\$ 9,760	\$ 3,330	\$ -	\$ (3,330)	-100.0%	\$ 6,430	193.1%	\$ 9,760	-
Meetings									
AARO Conferences (Spring)	\$ 18,300	\$ 8,325	\$ -	\$ (8,325)	-100.0%	\$ 9,975	119.8%	\$ 18,300	-
Policy Managers & All Staff Meetings (w/AARO Fall)	\$ 8,540	\$ 0	\$ -	\$ -	-	\$ 8,540	-	\$ 8,540	-
All Staff Meeting	\$ 18,300	\$ 23,310	\$ -	\$ (23,310)	-100.0%	\$ (5,010)	-21.5%	\$ 18,300	-
Other Trips									
Industry Meetings	\$ 6,100	\$ 3,330	\$ -	\$ (3,330)	-100.0%	\$ 2,770	83.2%	\$ 6,100	-
Appraisal Foundation Meetings (ASB, AQB, BOT)	\$ 7,320	\$ 11,655	\$ -	\$ (11,655)	-100.0%	\$ (4,335)	-37.2%	\$ 7,320	-
State Regulatory Training	\$ 6,100	\$ 3,330	\$ -	\$ (3,330)	-100.0%	\$ 2,770	83.2%	\$ 6,100	-
Speaking engagements	\$ 8,540	\$ 4,995	\$ -	\$ (4,995)	-100.0%	\$ 3,545	71.0%	\$ 8,540	-
Staff Travel to DC	\$ 29,280	\$ 21,645	\$ 20,000	\$ (1,645)	-7.6%	\$ 7,635	35.3%	\$ 9,280	46.4%
Grants Monitoring & Technical Assistance	\$ -	\$ 3,330	\$ -	\$ (3,330)	-100.0%	\$ (3,330)	-100.0%	\$ -	-
Car Rental & Local Travel	\$ 3,750	\$ 2,065	\$ 2,065	\$ -	0.0%	\$ 1,685	81.6%	\$ 1,685	81.6%
Total Travel:	\$ 180,650	\$ 121,945	\$ 22,065	\$ (99,880)	-81.9%	\$ 58,705	48.1%	\$ 158,585	718.7%
Rent, Comm., & Utilities:									
Rent	\$ 9,170	\$ 9,075	\$ 7,716	\$ (1,359)	-15.0%	\$ 95	1.0%	\$ 1,454	18.8%
Telephone Service (incl. office & cell phones)	\$ 28,800	\$ 37,540	\$ 30,558	\$ (6,982)	-18.6%	\$ (8,740)	-23.3%	\$ (1,758)	-5.8%
WestLaw	\$ 12,290	\$ 11,930	\$ 11,926	\$ (4)	0.0%	\$ 360	3.0%	\$ 364	3.1%
Storage Space Facility	\$ 4,320	\$ 3,915	\$ 3,498	\$ (417)	-10.7%	\$ 405	10.3%	\$ 822	23.5%
Staff Local travel	\$ 835	\$ 1,865	\$ -	\$ (1,865)	-100.0%	\$ (1,030)	-55.2%	\$ 835	-
Parking	\$ -	\$ 525	\$ -	\$ (525)	-100.0%	\$ (525)	-100.0%	\$ -	-
Total Rent, Comm, Utilities:	\$ 55,415	\$ 64,850	\$ 53,699	\$ (11,151)	-17.2%	\$ (9,435)	-14.5%	\$ 1,716	3.2%
Printing and Reproduction:									
Federal Register/CFR	\$ 31,500	\$ 24,500	\$ 38,333	\$ 13,833	56.5%	\$ 7,000	28.6%	\$ (6,833)	-17.8%
Copying	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)	-100.0%	\$ -	0.0%	\$ 1,000	-
Printing	\$ 14,675	\$ 14,675	\$ 11,872	\$ (2,803)	-19.1%	\$ -	0.0%	\$ 2,803	23.6%
Total Printing & Copying:	\$ 47,175	\$ 40,175	\$ 50,205	\$ 10,029	25.0%	\$ 7,000	17.4%	\$ (3,029)	-6.0%
Contracted Services:									
GSA/OPM	\$ 160,075	\$ 147,020	\$ 147,020	\$ (0)	0.0%	\$ 13,055	8.9%	\$ 13,055	8.9%
OPM Survey	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Annual audit of ASC	\$ 35,900	\$ 34,850	\$ 34,850	\$ -	0.0%	\$ 1,050	3.0%	\$ 1,050	3.0%
ERP (Enterprise Resource Planning/Acctg system)	\$ 60,000	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
FDMS	\$ 10,635	\$ 10,635	\$ 10,635	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Indirect Cost Rate Negotiation	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Independent Auditor Contract/IAA	\$ 50,000	\$ 100,000	\$ 100,000	\$ -	0.0%	\$ (50,000)	-50.0%	\$ (50,000)	-50.0%
Grants - Technical Assistance Contract	\$ 76,000	\$ 76,000	\$ 76,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Legal Services	\$ -	\$ 100,000	\$ -	\$ (100,000)	-100.0%	\$ (100,000)	-100.0%	\$ -	-
Roundtable Logistics Planner	\$ -	\$ 20,000	\$ 69,000	\$ 49,000	245.0%	\$ (20,000)	0.0%	\$ (69,000)	0.0%
Strategic Communications	\$ 250,000	\$ 75,000	\$ 76,850	\$ 1,850	2.5%	\$ 175,000	0.0%	\$ 173,150	0.0%
Total Contracted Services:	\$ 652,610	\$ 573,505	\$ 524,355	\$ (49,150)	-8.6%	\$ 19,105	3.3%	\$ 128,255	24.5%
IT Services:									
IT Contracted Services:	\$ 133,040	\$ 141,040	\$ 141,040	\$ (0)	0.0%	\$ (8,000)	-5.7%	\$ (8,000)	-5.7%
License Renewals	\$ 17,650	\$ 24,950	\$ 24,950	\$ -	0.0%	\$ (7,300)	-29.3%	\$ (7,300)	-29.3%
Hardware	\$ -	\$ 47,000	\$ 7,225	\$ (39,775)	-84.6%	\$ (47,000)	-100.0%	\$ (7,225)	-100.0%
Surface Pros Recapitalization	\$ -	\$ -	\$ 4,725	\$ -	-	\$ -	-	\$ (4,725)	-100.0%
Network Security Review	\$ 20,000	\$ -	\$ -	\$ -	-	\$ 20,000	-	\$ 20,000	-
Total Ongoing Annual Services:	\$ 170,690	\$ 212,990	\$ 177,941	\$ (35,049)	-16.5%	\$ (62,300)	-29.3%	\$ (7,251)	-4.1%
IT Projects:									
Unique Identifier Number/ SOAP State Consultation	\$ 21,000	\$ 21,000	\$ 21,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
ASC Database Enhancements (AMC Registry)	\$ 14,000	\$ 14,000	\$ 14,000	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
ASC Website	\$ 75,000	\$ 225,000	\$ 225,000	\$ -	0.0%	\$ (150,000)	-66.7%	\$ (150,000)	-66.7%
State Compliance Review (Phase III)	\$ 24,500	\$ 60,000	\$ 90,000	\$ 30,000	50.0%	\$ (35,500)	-59.2%	\$ (65,500)	-72.8%
Appraiser REST API Build	\$ -	\$ 65,000	\$ 65,000	\$ -	0.0%	\$ (65,000)	0.0%	\$ -	0.0%
AMC FinOps	\$ -	\$ 50,000	\$ 50,000	\$ -	0.0%	\$ (50,000)	0.0%	\$ -	0.0%
Customer Relations Software	\$ 20,000	\$ -	\$ -	\$ -	0.0%	\$ 20,000	0.0%	\$ -	0.0%
Total IT Projects:	\$ 154,500	\$ 435,000	\$ 465,000	\$ 30,000	6.9%	\$ (280,500)	-64.5%	\$ (310,500)	-66.8%
Total IT Services and Projects:	\$ 325,190	\$ 647,990	\$ 642,941	\$ (5,049)	-0.8%	\$ (342,800)	-52.9%	\$ (317,751)	-49.4%
Supplies and Materials:	\$ 10,800	\$ 7,000	\$ 7,000	\$ -	0.0%	\$ 3,800	54.3%	\$ 3,800	54.3%
Miscellaneous:	\$ 24,480	\$ 15,210	\$ 15,209	\$ (1)	0.0%	\$ 9,270	60.9%	\$ 9,271	61.0%
Total Operating Budget	\$ 4,237,000	\$ 4,210,216	\$ 4,083,596	\$ (126,619)	-3.0%	\$ 26,784	0.6%	\$ 153,404	3.8%
Federal Grants:									
AF Grant	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)	-100%	\$ -	0.0%	\$ 1,000,000	-
State Grants	\$ 3,300,000	\$ 3,300,000	\$ 1,250,000	\$ (2,050,000)	-62%	\$ -	0.0%	\$ 2,050,000	164.0%
Training/Technical Assistance Cooperative Agreement	\$ 500,000	\$ 750,000	\$ 750,000	\$ -	0.0%	\$ (250,000)	0.0%	\$ (250,000)	-33.3%
Total Federal Grants	\$ 4,800,000	\$ 5,050,000	\$ 2,000,000	\$ (3,050,000)	-60%	\$ (250,000)	-5.0%	\$ 2,800,000	140.0%
Depreciation	\$ 12,215	\$ 26,780	\$ 31,322	\$ 4,541.68	17%	\$ -	0.0%	\$ (19,107)	-61.0%
2022 Total Expenses	\$ 9,049,215	\$ 9,286,996	\$ 6,114,918	\$ (3,172,078)	-34%	\$ (237,781)	-2.6%	\$ 2,934,297	48.0%
Revenue after Expenses	\$ 111,340	\$ 866,430	\$ 3,436,717	\$ 2,570,287	297%	\$ (755,089)	-87.1%	\$ (3,325,376)	-96.8%

FY22 Proposed Budget

	Commitments/ Requirements	Reserve Balance/Available Funds	Grant Commitments			
FY 2020 Y/E Balance*		\$ 5,434,929	Grantee	2021	2022	2023
			Appraisal Foundation	\$ -	\$ 1,000,000	\$ 1,000,000
2021 Revenue (projected)		\$ 9,551,635	State Grants	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000
2021 Operating Expenses	\$ (4,114,918)		Training/Tech Asst Coop Agreement	\$ 750,000	\$ 500,000	\$ 500,000
2021 Grant Commitments	\$ (4,050,000)		Total Grant Commitments	\$ 4,050,000	\$ 4,800,000	\$ 4,800,000
					Total Commitments FY21- FY24	\$ 13,650,000
FY 2021 Y/E Operating Reserve Balance*		\$ 6,821,646				
2022 Revenue (projected)		\$ 9,160,555				
2022 Operating Expenses	\$ (4,237,000)					
2022 Grant Commitments	\$ (4,800,000)					
FY 2022 Y/E Projected Reserve Balance*		\$ 6,945,201				
2023 Revenue (projected)		\$ 8,244,500				
FY 2023 Operating Expenses	\$ (4,237,000)					
FY 2023 Grant Commitments	\$ (4,800,000)					
FY 2023 Projected Reserve Balance		\$ 6,152,701				
*Does Not Include Standing Reserve of \$4.2M						

Appraisal Subcommittee	
Profit and Loss	
October 2020 - June 2021	
Income	
National Registry Fees	1,885,289
AMC Registry Fees	4,121,240
Total Income	\$ 6,006,529
Expenses	
61700 Computer and Internet Expenses	
61720 Servers & Software	848
61735 License & SSL Renewals	1,224
61745 IT Contracted Svcs	12,143
61705 IT Security Upgrades	7,665
61710 Maint. of Web site & Regis. (FFP)	8,400
61715 Hosting Web site	19,484
61740 Help Desk Services (FFP)	33,600
68580 Appraiser Nat Reg (FFP)	8,400
Total 61745 IT Contracted Svcs	\$ 89,691
Total 61700 Computer and Internet Expenses	\$ 91,763
62400 Depreciation Expense	
62420 Depr-Server	5,090
62430 Depr-NR of AMCs Database	21,906
Total 62400 Depreciation Expense	\$ 26,996
62501 Legal Research Service	11,926
62600 Equipment Rental	2,658
64700 Miscellaneous Expense (General)	\$ 659
64900 Office Supplies	5,059
66000 Payroll Expenses	
66001 Salaries	1,444,325
66002 Personnel Benefits	506,368
66004 Cash Awards	27,135
Total 66000 Payroll Expenses	\$ 1,977,828
66100 Training	250
66300 Consulting Services	
66320 OPM Survey (Annual)	5,000
66326 Strategic Communications/Social Media consulting	8,462
Total 66300 Consulting Services	\$ 13,462
66350 Annual Audit of ASC	34,850
66356 Grants Technical Assistance Contract	28,175
66362 Independent Auditor Contract	8,775
66400 GSA Services	95,897
66600 Printing and Reproduction	
66601 Printing & Repro - Fed Register	14,833
66603 Printing & Repro - Publications	11,872
Total 66600 Printing and Reproduction	\$ 26,705
66800 FDMS	1,772
67100 Rent Expense	5,430
68100 Telephone Expense	22,624
68400 Travel Expense	3,202
68575 Project Services - UID/SOAP	14,220
68556 Project Services - Compliance Review	87,411
68557 Project Services - ASC Website Rebuild	162,292
68558 Project Services - AMC API	41,769
68559 Project Services - AMC - Financial Operations	37,927
68587 AMC FinOps	1,305
68591 Project Services - Server Capitalization	1,397
68592 Project Services - Drupal 2 Discovery	322
68700 Grants - Expense	
68706 Federal Grants Expense	750,000
68711 State Grants Expense	2,475,000
68715 TTA Cooperative Agreement	262,500
Total 68700 Grants - Expense	\$ 3,487,500
Total Expenses	\$ 6,192,174
Net Operating Income	-\$ 185,644

Appraisal Subcommittee Reserves & Commitments (2017 - 2022)



Policy on Monitoring and Reviewing the Appraisal Foundation

[insert date]

Purpose

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

Statutory Authority

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

Monitoring and Reviewing the Foundation

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

~~The below list of ASC activities is not exhaustive and is subject to periodic review and modification at the sole discretion of ASC.~~ A summary of written comments will be provided to the ASC Board as part of the Executive Director's quarterly report. In addition, ASC staff will provide written public comment on Foundation exposure drafts and other work product.

The below list of ASC activities is not exhaustive and is subject to periodic review and modification at the sole discretion of the ASC.

Foundation Board of Trustees Meetings

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

ASB/AQB Foundation Meetings

- ASC staff will continue monitoring and reviewing activities under Title XI authority through attendance at public meetings of the Appraisal Standards Board (ASB), Appraiser Qualifications Board (AQB) and Board of Trustees (BOT) as observers, with attendance delegated by the ASC Executive Director to ASC staff on a rotating basis.
 - ~~meetings, conference calls and both written and verbal feedback on Board activities.~~ ASC staff will not routinely attend work sessions, conference calls, closed sessions or committee, subcommittee or subject matter expert panel meetings, but, but will be available for those meetings on an as needed basis.
 - 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).

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

Audits and Investigations

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

DRAFT

Policy on Monitoring and Reviewing the Appraisal Foundation

[insert date]

Purpose

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

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The below list of ASC activities is not exhaustive and is subject to periodic review and modification at the sole discretion of the ASC.

Foundation Meetings

- ASC staff will monitor and review activities under Title XI authority through attendance at public meetings of the Appraisal Standards Board (ASB), Appraiser Qualifications Board (AQB) and Board of Trustees (BOT) as observers, with attendance delegated by the ASC Executive Director to ASC staff on a rotating basis.
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