



# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

## Agenda

**Date:** February 23, 2022  
**Time:** 10:00 a.m. ET  
**Location:** Virtual Meeting. Please click the link below to register:  
[https://www.zoomgov.com/meeting/register/vJItce2opj8uGcaEvO\\_HFmc8B4rzFRJKvO4](https://www.zoomgov.com/meeting/register/vJItce2opj8uGcaEvO_HFmc8B4rzFRJKvO4)

### Open Session

#### Action and Discussion Items

- **Amendment to FY22 ASC Budget** **J. Park**
- **7-Hour National USPAP Update Course** **J. Park**

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## Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** February 23, 2022

**RE:** Proposed Revised Fiscal Year 2022 Budget

Attached is the proposed revised Fiscal Year 2022 ASC budget which includes an additional FTE.

<b>Position</b>	<b>Job Description</b>	<b>Anticipated Start Date</b>	<b>New FTE</b>
Attorney Advisor	Responsible for preparing a variety of professional legal work and support to the General Counsel. This position will assist the General Counsel in all aspects, and act as back-up support to the General Counsel.	June 1, 2022	Yes

Due to increasing workloads and possible staff attrition, ASC staff is recommending that the agency add an additional Attorney Advisor to the staff.

The Attorney Advisor position is budgeted for four months of the fiscal year. If approved, these changes will increase the approved budget from \$9,049,215 to \$9,128,480 or slightly over \$79,000. Most of the additional funding is under Personnel. However, additional budget authority of approximately \$12,000 for training and travel associated with the new position is also requested.

Attachment

FY22 Proposed Revised  
Budget

FY22 Operating Budget		Proposed Revised Budget FY22	Approved Budget FY22
<b>Estimated Revenues:</b>			
Appraiser Registry Fees		\$ 3,760,000	\$ 3,760,000
Less: 25% Pay-Go Requirement		\$ 352,500	\$ 352,500
AMC Registry Fees		\$ 5,753,055	\$ 5,753,055
<b>Total Revenues</b>		<b>\$ 9,160,555</b>	<b>\$ 9,160,555</b>
<b>Expenses:</b>			
<b>Personnel Compensation:</b>			
Salaries		\$ 2,183,441	\$ 2,138,558
Personnel Benefits		\$ 764,206	\$ 748,497
Cash Awards		\$ 42,625	\$ 42,625
Training		\$ 12,000	\$ 11,000
<b>Total Compensation:</b>		<b>\$ 3,002,272</b>	<b>\$ 2,940,680</b>
<b>Travel:</b>			
Compliance Review		\$ 4,880	\$ 4,880
State Offsite Assessments (SOAs)		\$ 46,360	\$ 46,360
Supervising/Compliance		\$ 12,200	\$ 12,200
Follow-up Review		\$ 1,220	\$ 1,220
Priority Contact/EWS		\$ 9,760	\$ 9,760
<b>Meetings</b>			
AARO Conferences (Spring)		\$ 18,300	\$ 18,300
Policy Managers & All Staff Meetings (w/AARO Fall)		\$ 8,540	\$ 8,540
All Staff Meeting		\$ 18,300	\$ 18,300
<b>Other Trips</b>			
Industry Meetings		\$ 6,100	\$ 6,100
Appraisal Foundation Meetings (ASB, AQB, BOT)		\$ 7,320	\$ 7,320
State Regulatory Training		\$ 6,100	\$ 6,100
Speaking engagements		\$ 8,540	\$ 8,540
Staff Travel to DC		\$ 41,480	\$ 29,280
Grants Monitoring & Technical Assistance		\$ -	\$ -
Car Rental & Local Travel		\$ 3,750	\$ 3,750
<b>Total Travel:</b>		<b>\$ 192,850</b>	<b>\$ 180,650</b>
<b>Rent, Comm., &amp; Utilities:</b>			
Rent		\$ 9,170	\$ 9,170
Telephone Service (incl. office & cell phones)		\$ 28,800	\$ 28,800
WestLaw		\$ 12,290	\$ 12,290
Storage Space Facility		\$ 4,320	\$ 4,320
Staff Local travel		\$ 835	\$ 835
Parking		\$ -	\$ -
<b>Total Rent, Comm, Utilities:</b>		<b>\$ 55,415</b>	<b>\$ 55,415</b>
<b>Printing and Reproduction:</b>			
Federal Register/CFR		\$ 31,500	\$ 31,500
Copying		\$ 1,000	\$ 1,000
Printing		\$ 14,675	\$ 14,675
<b>Total Printing &amp; Copying:</b>		<b>\$ 47,175</b>	<b>\$ 47,175</b>
<b>Contracted Services:</b>			
GSA/OPM		\$ 160,075	\$ 160,075
OPM Survey		\$ 5,000	\$ 5,000
Annual audit of ASC		\$ 35,900	\$ 35,900
ERP (Enterprise Resource Planning/Acctg system)		\$ 60,000	\$ 60,000
FDMS		\$ 10,635	\$ 10,635
Indirect Cost Rate Negotiation		\$ 5,000	\$ 5,000
Independent Auditor Contract/IAA		\$ 50,000	\$ 50,000
Grants - Technical Assistance Contract		\$ 76,000	\$ 76,000
Legal Services		\$ -	\$ -
Roundtable Logistics Planner		\$ -	\$ -
Strategic Communications		\$ 250,000	\$ 250,000
<b>Total Contracted Services:</b>		<b>\$ 652,610</b>	<b>\$ 652,610</b>
<b>IT Services:</b>			
IT Contracted Services:		\$ 133,040	\$ 133,040
License Renewals		\$ 17,650	\$ 17,650
Hardware		\$ -	\$ -
Surface Pros Recapitalization		\$ -	\$ -
Network Security Review		\$ 20,000	\$ 20,000
<b>Total Ongoing Annual Services:</b>		<b>\$ 170,690</b>	<b>\$ 170,690</b>
<b>IT Projects:</b>			
Unique Identifier Number/ SOAP State Consultation		\$ 21,000	\$ 21,000
ASC Database Enhancements (AMC Registry)		\$ 14,000	\$ 14,000
ASC Website		\$ 75,000	\$ 75,000
State Compliance Review (Phase III)		\$ 24,500	\$ 24,500
Appraiser REST API Build		\$ -	\$ -
AMC FinOps		\$ -	\$ -
Customer Relations Software		\$ 20,000	\$ 20,000
<b>Total IT Projects:</b>		<b>\$ 154,500</b>	<b>\$ 154,500</b>
<b>Total IT Services and Projects:</b>		<b>\$ 325,190</b>	<b>\$ 325,190</b>
<b>Supplies and Materials:</b>		<b>\$ 16,273</b>	<b>\$ 10,800</b>
<b>Miscellaneous:</b>		<b>\$ 24,480</b>	<b>\$ 24,480</b>
<b>Total Operating Budget</b>		<b>\$ 4,316,265</b>	<b>\$ 4,237,000</b>
<b>Federal Grants:</b>			
AF Grant		\$ 1,000,000	\$ 1,000,000
State Grants		\$ 3,300,000	\$ 3,300,000
Training/Technical Assistance Cooperative Agreement		\$ 500,000	\$ 500,000
<b>Total Federal Grants</b>		<b>\$ 4,800,000</b>	<b>\$ 4,800,000</b>
<b>Depreciation</b>		<b>\$ 12,215</b>	<b>\$ 12,215</b>
<b>2022 Total Expenses</b>		<b>\$ 9,128,480</b>	<b>\$ 9,049,215</b>
<b>Revenue after Expenses</b>		<b>\$ 32,075</b>	<b>\$ 111,340</b>

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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

**TO:** Appraisal Subcommittee

**FROM:** Jim Park, Executive Director

**DATE:** February 23, 2022

**RE:** Staff Recommendation: *7-Hour National USPAP 2022-23 Update Course*

Staff Recommendation

Based on the issues raised in the independent report issued by NFHA on Appraisal Standards/Appraiser Criteria (NFHA Report) regarding the *7-hour National USPAP 2022-23 Update Course* (Update Course), ASC staff is recommending that the ASC take the following action:

- Provide notice to the Appraisal Foundation (TAF) to rescind and revise the Update Course in accordance with the recommendations set forth in the NFHA Report; and
- TAF should provide remedial course materials to all appraisers who have already received the training.

Staff believes ASC action is urgently needed since the Update Course is presently in circulation and being promoted by TAF as fair housing training. The Update Course is offered to appraisers under the mandate of the Criteria as enforced by the ASC.

The NFHA Report states the following:

The fair housing training module in the current 2022-2023 7-hour USPAP continuing education course for credentialed appraisers should be revised immediately and developed with the participation of fair housing experts to ensure the training is comprehensive and contains important elements needed to educate professionals about how to comply with the letter and spirit of applicable federal, state, and local fair housing laws.

Discussion

The ASC could remain silent and take no action. Staff believes this poses risk to the agency since ultimately the ASC is charged with enforcing the AQB Criteria requirement for all licensed and certified appraisers to take the Update Course. The Update Course could be detrimental to the financial services industry and consumers, particularly those consumers in protected classes.

Conversely, implementing the recommendations set forth in the NFHA Report supports the ASC's mission to provide oversight of the appraisal regulatory system and TAF, as well as the Federal Financial Institutions Regulatory Agencies in their roles to protect federal financial and public policy interests in real estate appraisals utilized in federally related transactions.

### NFHA Report Recommendations

- The introduction to the existing training should be revised to focus on fair housing laws and their requirements. Similarly, the overall tone of the module should be revised from one of raising questions about perception and reputational risk for appraisers to clearly identifying fact patterns that represent illegal discrimination and avoiding harm to consumers.
- The background section should be revised to focus on the history of appraisal discrimination and its impact on borrowers and communities of color.
- The legal section should be revised to accurately state the law. Currently, the module inaccurately focuses on intentional bias and unintentional bias rather than disparate treatment and disparate impact. The definitions and commentary also require revision to explain what constitutes disparate treatment and disparate impact and how appraisers can comply with legal requirements and follow best practices.
- The illustrations and case studies should be revised to clearly identify fact patterns that represent illegal discrimination. The fact patterns should focus on situations that are common and clearly covered by the Fair Housing Act.
- The instructor's manual should be revised to provide more explicit guidance. Also, in connection with fair housing topics, the instructor's focus should be on the law first and USPAP and other guidelines second.

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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

DATE

## Via Email

Randall Kopfer, Chair, Board of Trustees  
Michelle Czekalski Bradley, Chair, Appraisal Standards Board  
John F. Ryan, Chair, Appraiser Qualifications Board  
The Appraisal Foundation  
1155 15<sup>th</sup> Street NW, Suite 1111  
Washington, DC 20005

Dear Chairs Kopfer, Bradley and Ryan:

This letter is intended to serve as notice to the Appraisal Foundation of ASC Board action taken at a Special Meeting held on February 23, 2022. The action taken addresses concerns raised in the independent analysis of the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the *Real Property Appraiser Qualification Criteria* (AQB Criteria), commissioned by the ASC and managed by CLEAR (NFHA Report).

Please respond within 15 days concerning the Appraisal Foundation's course of action.

The NFHA Report states the following:

The fair housing training module in the current 2022-2023 7-hour USPAP continuing education course for credentialed appraisers should be revised immediately and developed with the participation of fair housing experts to ensure the training is comprehensive and contains important elements needed to educate professionals about how to comply with the letter and spirit of applicable federal, state, and local fair housing laws.

The ASC Board directed ASC staff to take the following action:

- Provide notice to the Appraisal Foundation (TAF) to rescind and revise the Update Course in accordance with the recommendations set forth in the NFHA Report; and
- TAF should provide remedial course materials to all appraisers who have already received the training.

For your reference, the NFHA Report Recommendations are below.

NFHA Report Recommendations

- The introduction to the existing training should be revised to focus on fair housing laws and their requirements. Similarly, the overall tone of the module should be revised from one of raising questions about perception and reputational risk for appraisers to clearly identifying fact patterns that represent illegal discrimination and avoiding harm to consumers.
- The background section should be revised to focus on the history of appraisal discrimination and its impact on borrowers and communities of color.
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- The illustrations and case studies should be revised to clearly identify fact patterns that represent illegal discrimination. The fact patterns should focus on situations that are common and clearly covered by the Fair Housing Act.
- The instructor's manual should be revised to provide more explicit guidance. Also, in connection with fair housing topics, the instructor's focus should be on the law first and USPAP and other guidelines second.

Sincerely,

James R. Park  
Executive Director