

FYI Cover Page

March 9, 2022

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Appraisal Subcommittee

Federal Financial Institutions Examination Council

February 4, 2022

Via Email: www.surveymonkey.com/r/ASBComments

Michelle Czekalski Bradley
Chair, Appraisal Standards Board
The Appraisal Foundation
1155 15th Street NW, Suite 1111
Washington, DC 20005

Dear Chair Czekalski Bradley:

The Appraisal Subcommittee (ASC) staff appreciates the opportunity to comment on the Appraisal Standards Board's (ASB) Second Exposure Draft of proposed changes for the 2023 edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP). The following comments reflect the opinions of ASC staff and not necessarily the ASC or its member agencies.

Section 1: ETHICS RULE

USPAP requirements for real property appraisers should clearly prohibit discrimination in appraisals in accordance with the federal, state, and local fair housing and fair lending laws.

Section 4: DEFINITIONS TO RETIRE

Three definitions proposed to be retired were new to USPAP for the current (2020-21) edition:

- *Misleading*
- *Relevant Characteristics*
- *Personal Inspection*

Assignment Elements is also proposed to be retired due to the current definition being unclear.

Section 5: DEFINITIONS TO MODIFY

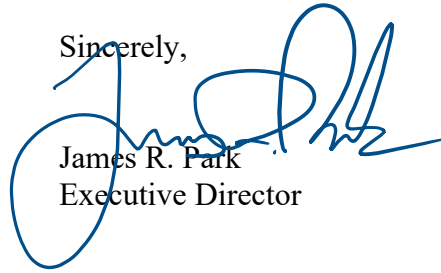
The ASB is also proposing to modify two existing definitions:

- *Appraiser* is to be modified by reinstating a Comment that was previously deleted for the current edition of USPAP.
- *Workfile* is proposed to revert to 2018-19 version.

The rationale for most of these proposed changes (retirements and modifications) is that once the changes were put into practice, they proved to be problematic. ASC staff encourages the ASB to consider enhancing the exposure draft process to include a wider array of stakeholder input, including additional legal expertise to ensure proper consideration is given to how such changes will be received and impact appraisal practice.

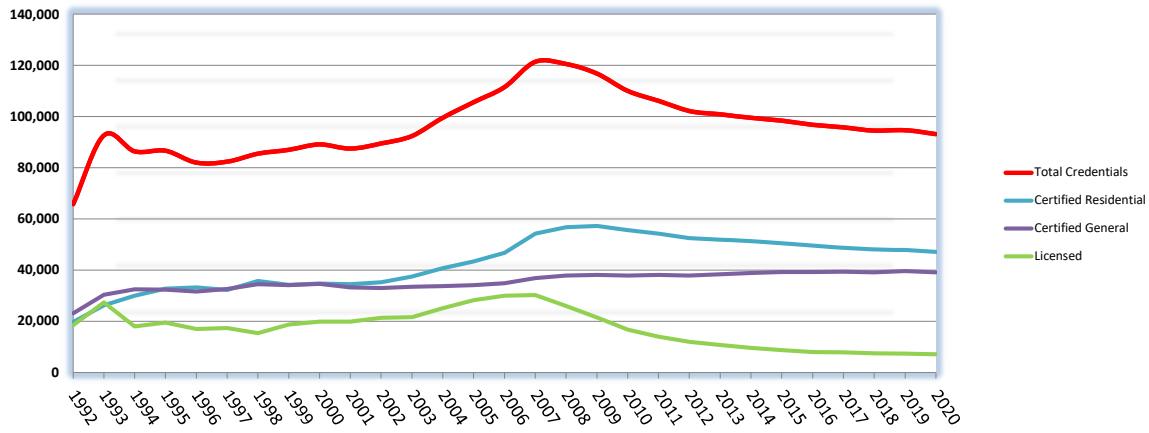
Please contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "James R. Park", is written over the typed name and title.

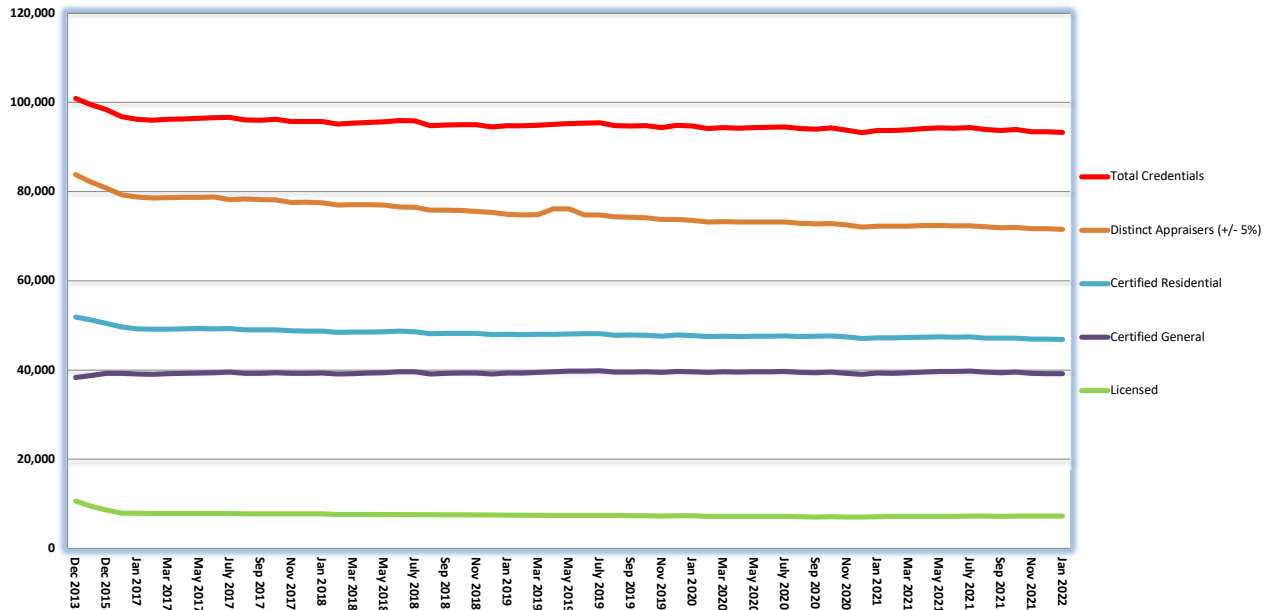
James R. Park
Executive Director

Yearly Appraiser Credential Trends

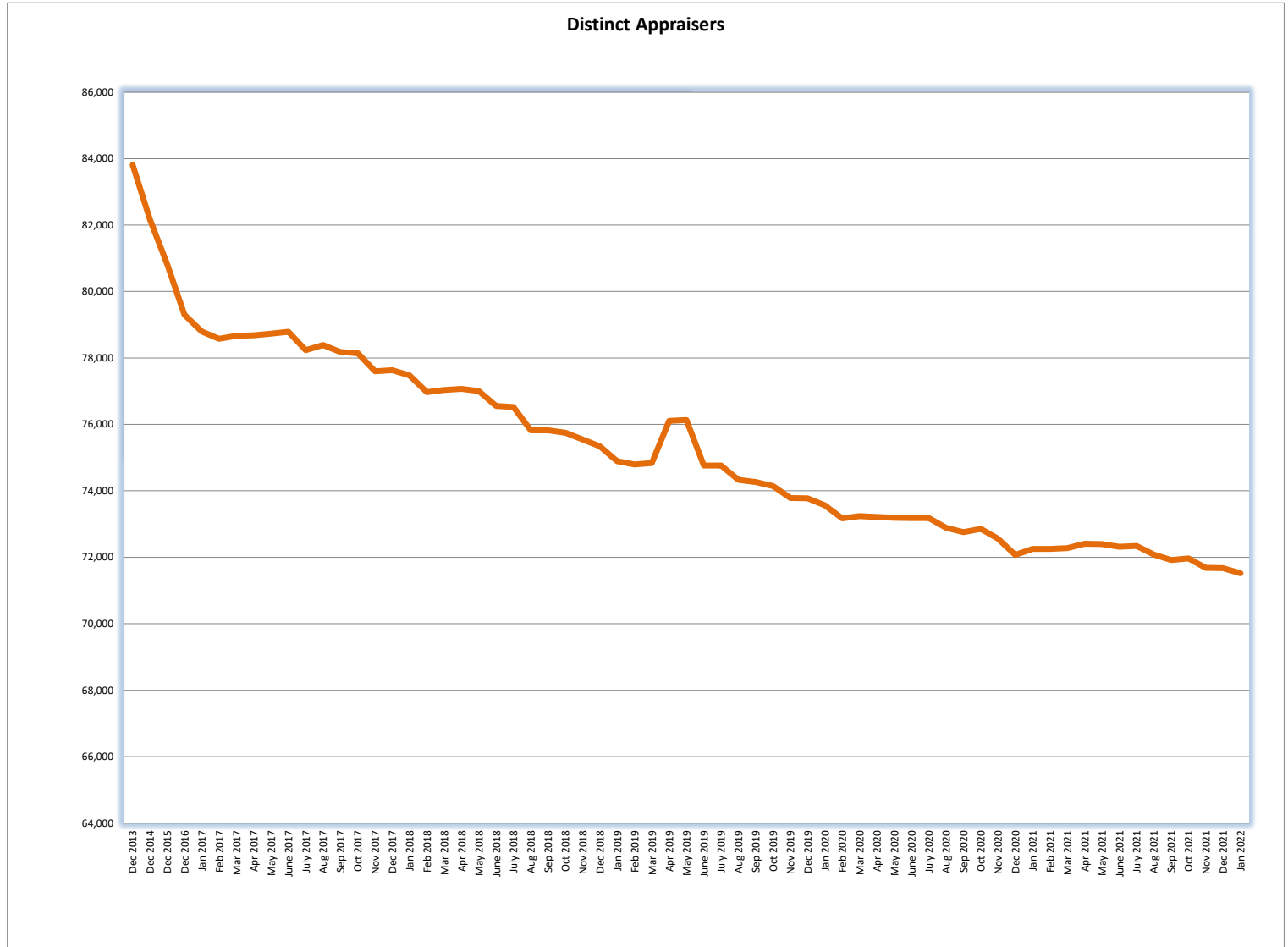


Monthly Appraisers Credential Trends

As of Jan 26, 2022



State or Territory	Number of Distinct Active Appraisers Jan 26, 2022 (+/- 5%)
Alabama	1258
Alaska	210
Arizona	2201
Arkansas	853
California	8695
Colorado	2792
Connecticut	1229
Delaware	501
District Of Columbia	774
Florida	5969
Georgia	3194
Guam	19
Hawaii	519
Idaho	773
Illinois	3057
Indiana	2176
Iowa	1131
Kansas	1039
Kentucky	1391
Louisiana	1338
Maine	594
Maryland	2099
Massachusetts	1885
Michigan	2501
Minnesota	1835
Mississippi	947
Missouri	1952
Montana	465
Nebraska	682
Nevada	955
New Hampshire	693
New Jersey	2632
New Mexico	590
New York	3556
North Carolina	2928
North Dakota	318
Northern Mariana Islands	6
Ohio	2789
Oklahoma	1090
Oregon	1412
Pennsylvania	2970
Puerto Rico	304
Rhode Island	430
South Carolina	2213
South Dakota	370
Tennessee	2007
Texas	5467
Utah	1228
Vermont	269
Virgin Islands	24
Virginia	3135
Washington	2547
West Virginia	549
Wisconsin	1681
Wyoming	330
All States and Territories	71518



Year-End Appraiser Credentials					
Year-End	Certified General	Certified Residential	Licensed	Transitional	Total Credentials
1992	23,133	19,772	18,406	4,405	65,716
1993	30,348	26,163	27,316	8,882	92,709
1994	32,450	29,949	17,960	6,043	86,402
1995	32,305	32,733	19,375	2,244	86,657
1996	31,628	33,141	16,984	226	81,979
1997	32,519	32,161	17,371	318	82,369
1998	34,485	35,697	15,287	23	85,492
1999	34,082	34,237	18,676	24	87,019
2000	34,609	34,702	19,755	28	89,094
2001	33,246	34,401	19,837	23	87,507
2002	32,959	35,233	21,261	37	89,490
2003	33,394	37,418	21,575	47	92,434
2004	33,725	40,726	25,095	46	99,592
2005	34,074	43,327	28,185	52	105,638
2006	34,812	46,701	29,921	51	111,485
2007	36,881	54,177	30,286	63	121,407
2008	37,851	56,704	25,931	65	120,551
2009	38,061	57,253	21,434	43	116,791
2010	37,807	55,522	16,674	23	110,026
2011	38,016	54,201	13,900	13	106,130
2012	37,834	52,504	11,875	12	102,225
2013	38,332	51,893	10,648	1	100,874
2014	38,777	51,240	9,507	0	99,524
2015	39,257	50,472	8,622	0	98,351
2016	39,246	49,631	7,926	0	96,803
2017	39,262	48,720	7,749	0	95,731
2018	39,135	47,908	7,481	0	94,524
2019	39,606	47,776	7,321	0	94,703
2020	39,070	47,073	7,061	0	93,204

Monthly Appraiser Credential Trends						
Date	Certified General	Certified Residential	Licensed	Transitional	Total Credentials	Appraisers (+/- 5%)
Dec 2013	38,332	51,893	10,648	1	100,874	83,809
Dec 2014	38,777	51,240	9,507	0	99,524	82,164
Dec 2015	39,257	50,472	8,622	0	98,351	80,806
Dec 2016	39,246	49,631	7,926	0	96,803	79,302
Jan 2017	39,119	49,210	7,899	0	96,228	78,794
Feb 2017	39,029	49,131	7,842	0	96,002	78,577
Mar 2017	39,196	49,173	7,851	0	96,220	78,663
Apr 2017	39,256	49,214	7,854	0	96,324	78,683
May 2017	39,333	49,265	7,852	0	96,450	78,732
June 2017	39,429	49,259	7,855	0	96,543	78,789
July 2017	39,513	49,309	7,833	0	96,655	78,235
Aug 2017	39,265	48,994	7,793	0	96,052	78,386
Sep 2017	39,241	49,005	7,759	0	96,005	78,174
Oct 2017	39,404	49,022	7,778	0	96,204	78,142
Nov 2017	39,229	48,763	7,757	0	95,749	77,596
Dec 2017	39,262	48,720	7,749	0	95,731	77,629
Jan 2018	39,316	48,689	7,744	0	95,749	77,478
Feb 2018	39,087	48,420	7,635	0	95,142	76,968
Mar 2018	39,190	48,492	7,644	0	95,326	77,034
Apr 2018	39,310	48,530	7,628	0	95,468	77,066
May 2018	39,418	48,556	7,637	0	95,611	77,002
June 2018	39,627	48,700	7,638	0	95,965	76,551
July 2018	39,623	48,603	7,643	0	95,869	76,519
Aug 2018	39,126	48,126	7,529	0	94,781	75,825
Sep 2018	39,246	48,195	7,518	0	94,959	75,822
Oct 2018	39,300	48,219	7,514	0	95,033	75,751
Nov 2018	39,302	48,217	7,503	0	95,022	75,548
Dec 2018	39,135	47,908	7,481	0	94,524	75,339
Jan 2019	39,320	47,990	7,483	0	94,793	74,894
Feb 2019	39,305	47,953	7,449	0	94,707	74,793
Mar 2019	39,468	48,007	7,426	0	94,901	74,839
Apr 2019	39,589	48,039	7,413	0	95,041	76,110
May 2019	39,728	48,085	7,424	0	95,237	76,129
June 2019	39,778	48,130	7,424	0	95,332	74,763
July 2019	39,846	48,146	7,411	0	95,403	74,760
Aug 2019	39,551	47,824	7,377	0	94,752	74,332
Sep 2019	39,573	47,836	7,308	0	94,717	74,262
Oct 2019	39,630	47,822	7,299	0	94,751	74,142
Nov 2019	39,481	47,564	7,282	0	94,327	73,780
Dec 2019	39,679	47,828	7,341	0	94,848	73,774
Jan 2020	39,639	47,732	7,307	0	94,678	73,565
Feb 2020	39,448	47,501	7,185	0	94,134	73,170
Mar 2020	39,613	47,555	7,192	0	94,360	73,235
Apr 2020	39,563	47,508	7,161	0	94,232	73,213
May 2020	39,607	47,553	7,158	0	94,318	73,187
June 2020	39,642	47,594	7,167	0	94,403	73,177
July 2020	39,686	47,626	7,160	0	94,472	73,177
Aug 2020	39,502	47,512	7,105	0	94,119	72,886
Sep 2020	39,418	47,542	7,061	0	94,021	72,756
Oct 2020	39,569	47,623	7,104	0	94,296	72,852
Nov 2020	39,260	47,446	7,071	0	93,777	72,559
Dec 2020	39,070	47,073	7,061	0	93,204	72,069
Jan 2021	39,330	47,210	7,138	0	93,678	72,255
Feb 2021	39,278	47,243	7,151	0	93,672	72,253
Mar 2021	39,382	47,294	7,157	0	93,833	72,278
Apr 2021	39,566	47,365	7,201	0	94,132	72,405
May 2021	39,675	47,409	7,214	0	94,298	72,397
June 2021	39,663	47,358	7,206	0	94,227	72,318
July 2021	39,738	47,401	7,221	0	94,360	72,341
Aug 2021	39,512	47,177	7,251	0	93,940	72,084
Sep 2021	39,367	47,117	7,217	0	93,701	71,921
Oct 2021	39,511	47,167	7,252	0	93,930	71,967
Nov 2021	39,228	46,938	7,266	0	93,432	71,679
Dec 2021	39,186	46,948	7,274	0	93,408	71,671
Jan 2022	39,146	46,904	7,247	0	93,297	71,518

**APPRAISAL SUBCOMMITTEE
OPEN SESSION MEETING MINUTES
SEPTEMBER 15, 2021**

LOCATION: Zoom Conference

ATTENDEES

ASC MEMBERS: CFPB – John Schroeder
FDIC – John Jilovec
HUD – Bobbi Borland
NCUA – Tim Segerson
OCC – Enice Thomas

ASC STAFF: Executive Director – Jim Park
Deputy Executive Director – Denise Graves
General Counsel – Alice Ritter
Grants Director – Mark Abbott
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 – Claire Brooks
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.

REPORTS

• **Chairman**

T. Segerson thanked observers for attending. He noted that the ASC member agencies are working collaboratively on diversity, equity, and inclusion issues. The ASC agencies as well as ASC staff are members of the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE).

• **Executive Director**

J. Park updated the ASC on recent staff activity as noted below.

- The State Off-Site Assessments (SOA) that were initiated at the beginning of 2021 are going well. Nine SOAs have been completed and 11 are in process. There are several

States that are struggling with compliance in their appraisal management company (AMC) oversight programs. Policy Managers are working to assist these States and clarify compliance requirements.

- The ASC Roundtable entitled *Building a More Equitable Appraisal System* will take place virtually on September 22nd from 11:00 a.m. to 1:30 p.m. ET and will include featured speakers, audience question and answer sessions, theme-based concurrent breakouts, and closing comments outlining next steps. Secretary Marcia Fudge from the U.S. Department of Housing and Urban Development will provide opening comments. Registration information is on the ASC website and LinkedIn page.
- The review of the Uniform Standards of Professional Appraisal Practice (USPAP) and Real Property Appraiser Qualification Criteria (Criteria) as well as the appraiser census/survey project are underway. ASC staff hopes to have the review completed by year end or early 2022. The timing for completion of the census/survey is unclear. M. Abbott added that ASC staff is working with ASC member agencies to see if they have data that could be shared and used in the census/survey. Interviews have been held with two bidders thus far for the USPAP and Criteria review.
- As noted by T. Segerson, J. Park said that the PAVE Task Force is holding regular meetings. HUD is overseeing PAVE and plans to have outreach with the appraisal profession and other stakeholders. Information regarding PAVE can be found at <https://pave.hud.gov/home>.

- **Grants Director**

M. Abbott's report concerned the Notice of Funding Availability (NOFA) for State Support Grants and NOFA for the Appraisal Foundation (TAF) which is included in the Action Items (below) for the Fiscal Year (FY) 2022 NOFAs.

- **Financial Manager**

G. Hull provided a financial update since the ASC's June 2021 Meeting.

- As of June 30th, the ASC has recognized FY21 registry revenue of \$6M, with roughly \$1.9M for appraiser fees and \$4.1M for AMC fees.
- Expenses for the period ending June 30th total \$6.1M. The ASC Reserve balance for the 3rd quarter of FY21 is \$5.2M. He does not foresee incurring any substantial or unusual budget activity that may produce a significant impact on the FY21 budget.

ACTION ITEMS

- **June 2, 2021 Open Session Minutes**

J. Jilovec made a motion to approve the June 2nd open session meeting minutes as presented. E. Thomas seconded and all members present voted to approve.

- **Fiscal Year 2022 Notice of Funding Availability Summary for TAF**

M. Abbott said that the NOFA for TAF was amended to a \$2M two-year award covering FY22 and FY23. TAF did not accept funding of \$1M for FY21. As noted in the NOFA for FY21, TAF can request grant funds for support for AQB and ASB activities, and for other activities, including: (1) providing trainees and credentialed appraisers with a free or reduced cost copy of USPAP Standards 1-4 and associated annotations; (2) USPAP publishing and revenue model; (3) AQB/ASB/Board of Trustees operational assessment; and (4) other initiatives. J. Schroeder moved to approve the NOFA Summary as amended. E. Thomas seconded and all members present voted to approve.

- **Fiscal Year 2022 Notice of Funding Availability Summary for State Support Grants**

M. Abbott said that fourteen grants were awarded in FY21 to State Appraiser Regulatory Agencies. ASC staff is recommending changes to the NOFA for FY22-23. The change would allow States or Territories with an existing grant to request supplemental funds for special initiatives, needs or projects that have costs that exceed \$120,000. Several States have expressed interest in special initiatives such as assisting trainees with education and paying supervisory appraisers to assist these trainees in underserved markets. J. Schroeder asked if there would be a cap on the supplemental funding and would the ASC approve them. M. Abbott responded that a cap is a good idea and asked for a suggested amount. He also said that per the Grants Handbook, the ASC Executive Director would have the final approval on the supplemental funding requests. T. Segerson and E. Thomas agreed that a cap would be helpful and asked for suggestions. E. Thomas asked if any States had requested grants that exceed \$120,000. M. Abbott responded “no.” He added that special initiatives could include demonstration projects that are larger and may need to be resourced with contractors. He suggested \$350,000 as a cap. T. Segerson, J. Schroeder and E. Thomas felt that was reasonable. T. Segerson asked if the NOFA could be approved with a secondary cap of \$350,000 for a supplemental grant. A. Ritter said “yes.” J. Jilovec and T. Segerson asked for clarification that \$350,000 is separate from the \$120,000 for the initial or existing grant. M. Abbott responded that if a State was awarded a grant in FY21, the \$350,000 would be in addition, thereby possibly totaling up to \$470,000. For example, a State could have a current grant of \$90,000 and request funding up to \$350,000 for a special project or initiative. J. Park wanted verification that these additional funds are part of the \$10M that was approved by the ASC in 2020. M. Abbott responded “yes.” T. Segerson suggested that the ASC could discuss increasing the grant budget if it appears that funds will be exhausted before the end of FY23. He also questioned whether the ASC would commit to multi-year projects, or will the State be expected to fund projects after grant funds are exhausted. J. Jilovec moved to

approve the State Support Grant NOFA Summary as amended. J. Schroeder seconded and all members present voted to approve.

- **FY22 ASC Budget Proposal**

J. Park said that he, G. Hull, and M. Abbott met individually with ASC members to discuss the proposed FY22 ASC budget. Suggestions from ASC members have been incorporated into the proposed budget. Net revenue of approximately \$1M is projected for FY21. As of August 21st, 45 States and the District of Columbia are populating the AMC Registry. G. Hull noted that five States (Georgia, Hawaii, Maine, Massachusetts, and Michigan) are not submitting data, but they are all expected to be submitting data by FY23. J. Park said that AMC Registry fees are projected to decrease in FY22 by approximately \$1M from \$6.4 projected in FY21. AMCs have begun to reduce their use of individual appraisers to decrease their AMC Registry fees which has been anticipated. Appraiser Registry fees for FY22 are estimated at \$3,760,000 versus \$3,720,000 for FY21. Net revenue for FY22 is estimated to be \$111,000. The FY22 operating budget is estimated to be \$4.2M, grants are estimated to be \$4.8M for a total budget of approximately \$9M. E. Thomas moved to approve the FY22 ASC budget proposal as discussed. J. Jilovec seconded and all members present voted to approve.

- **Proposed revisions to the Policy on Monitoring and Reviewing the Appraisal Foundation**

J. Park said the following changes would be made to the Policy:

- ASC staff will attend public meetings as observers of the AQB and ASB 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 session 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 TAF staff regarding TAF meetings will be provided to TAF 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).

J. Schroeder moved to approve the revisions as noted. J. Jilovec seconded and all members present approved.

Dave Bunton of TAF was granted five minutes to speak to the ASC.

- He was agreeable to the changes to the Monitoring and Review Policy and requested a copy of the Policy.
- He commented that TAF can pay for general operating expenses of the AQB, ASB and Board of Trustees. TAF would like grant funding for special projects but does not feel that TAF should be required to accept funding for the TAF Boards as required in the FY21 NOFA.
- He added that the USPAP publishing cycle has been decoupled from the continuing education requirement.
- He said that TAF has set up a Task Force on Board Diversity to review how candidates are solicited for Board positions. TAF will engage an outside diversity inclusion consultant with expertise in board member selection to assist in these efforts. TAF Board of Trustees has also set up a Diversity, Equity, and Inclusion Special Committee (Committee) to promote more diversity in the valuation profession. The Committee hopes to help raise awareness of the reporting mechanisms available to property owners to use if they suspect bias or discrimination. There have been several recent stories in the media regarding alleged appraiser bias, but no data has been provided in these stories. The ASC and TAF could work collaboratively on a baseline to measure efforts in diversity, equity, and inclusion.
- He noted that TAF requested funding from the ASC in the past to provide grant funds to send a copy of USPAP to trainees and appraisers. He said that the ASC denied that request. Standards 1-4 of USPAP were published in the *Federal Register* in the early 1990s. It would cost approximately \$5M to send out a copy to trainees and appraisers now.
- He acknowledged the passing of ASC Policy Manager Vicki Ledbetter-Metcalf.

The Open Session adjourned at 10:55 a.m. The next regularly scheduled ASC Meeting will be held on November 17, 2021. [Staff Note: The November 17, 2021 Quarterly Meeting was subsequently cancelled and rescheduled as a Special Meeting on December 8, 2021.]

Attachment: Observer list

Meeting:	Appraisal Subcommittee Meeting	Meeting Date:	September 15, 2021
Time:	10:00 AM ET	Location:	Zoom Meeting

Observers	
Name	Affiliation
JoEllen Alberts	Appraisal Foundation
David Bunton	Appraisal Foundation
Kelly Davids	Appraisal Foundation
Aida Dedajic	Appraisal Foundation
Lisa Desmarais	Appraisal Foundation
Edna Nkemngu	Appraisal Foundation
Amy Timmerman	Appraisal Foundation
Scott DiBiasio	Appraisal Institute
Bill Garber	Appraisal Institute
Brian Rodgers	Appraisal Institute
John Ryan	Appraiser Qualifications Board Vice Chair
Justin Kane	American Society of Appraisers
David Cherner	Clear Capital
Deana Krumhansl	Consumer Finance Protection Bureau
Brian Barnes	Department of Housing and Urban Development
Barbara Leslie	Department of Housing and Urban Development
Richard Foley	Federal Deposit Insurance Corporation
Patrick Mancoske	Federal Deposit Insurance Corporation

Mark Mellon	Federal Deposit Insurance Corporation
George Parkerson	Federal Deposit Insurance Corporation
Sara Todd	Federal Housing Finance Agency
Matt McQueeney	Federal Reserve Board
Matt Suntag	Federal Reserve Board
Deborah Geiger	Geiger Communications
Steve Sousa	Massachusetts Board of Real Estate Appraisers
Jonathan Miller	Miller Samuel Inc.
Jacqueline Olson	Minnesota Department of Commerce
James Rist	Minnesota Department of Commerce
Rachel Ackmann	National Credit Union Administration
Gira Bose	National Credit Union Administration
Stacey Fluellen	Office of the Comptroller of the Currency
Kevin Lawton	Office of the Comptroller of the Currency
Joanne Phillips	Office of the Comptroller of the Currency
Mark Schiffman	Real Estate Valuation Advocacy Association
Jeremy Gray	Rock Canyon Bank & Appraisal Foundation Board of Trustees Chair
Craig Steinley	Steinley Real Estate Appraisals and Consulting
Magdalene Vasquez	Wells Fargo
Joshua Walitt	Walitt Solutions